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The State of AI in Service Management

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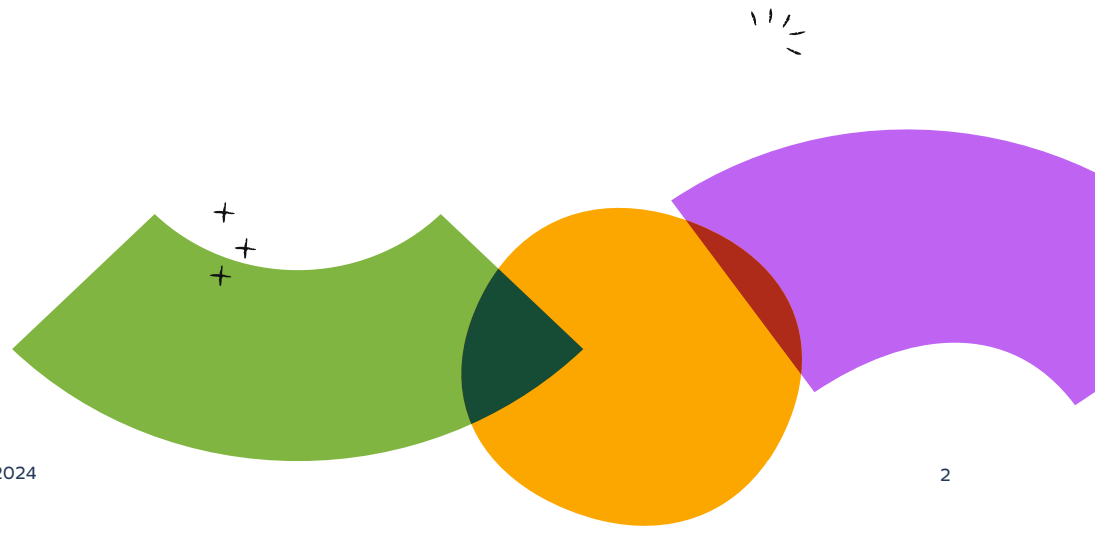


Introduction

Atlassian recognizes that Artificial Intelligence (AI) is rapidly transforming service management across industries, ushering in new opportunities for enhanced efficiency, improved customer experiences, and innovative business operations. To better understand this evolving landscape, Atlassian commissioned CITE Research to conduct a comprehensive survey of 500 professionals across IT Ops, R&D, HR, Customer Service, and other business functions in August 2024. This report presents key findings on the current state of AI adoption in service management and offers valuable insights for organizations looking to advance their AI initiatives.

Atlassian's research indicates that the utilization of AI in service management is extensive and on the rise, with a substantial majority of organizations incorporating AI to varying extents. Nevertheless, the adoption rates differ significantly among departments. These trends underscore the strategic importance that organizations place on AI, recognizing it as a valuable asset for improving internal operations and providing external benefits.

These findings align with broader trends observed in other recent studies. For instance, a **global benchmark study** on generative AI found that while enthusiasm remains high, many organizations are taking a more measured approach to implementation in 2024. Only 63% of companies plan to increase AI spending this year, down from 93% in 2023, as they grapple with rising implementation costs, data security concerns, and challenges in moving projects beyond the pilot stage.

Despite these hurdles, the potential benefits of AI-powered decision intelligence are considerable. An **IDC study** found that 75% of executive, VP, and director-level respondents expect significant improvements from better decision-making if they invest in decision intelligence initiatives. This aligns with Atlassian's findings, where about 80% of respondents reported positive impacts of AI on decision-making processes, customer service experiences, and employee productivity.

Delving into the detailed findings, you'll discover how organizations are leveraging AI capabilities, the perceived importance of different AI applications, and how AI is reshaping service management processes and outcomes. Whether you're just beginning your AI journey or looking to optimize your existing implementations, this report offers valuable insights to help guide your strategy in this exciting and rapidly evolving field.

AI trends in service management

Key takeaways

Atlassian's exploration of AI in service management reveals a landscape of exciting opportunities, significant challenges, and evolving strategies. Here are the key insights.

Positive Impact

Despite challenges, the majority of respondents report numerous benefits from AI adoption, including improved decision-making, customer service, and employee productivity:

- 80% state that AI has enhanced their ability to make data-driven decisions.
- 79% indicate that AI technologies are improving their customer service delivery.
- 78% report that AI adoption has positively impacted workforce efficiency.

AI Adoption Drivers

Enhanced customer experience is the primary driver for AI adoption, followed closely by efficiency gains:

- 64% of respondents cite improved customer experience as a key factor in AI adoption.
- 61% are motivated by potential efficiency gains from AI implementation.

Analytics Excellence

AI-driven analytics stands out as a particularly valuable capability, contributing significantly to insights and efficiency:

- 55% of organizations are leveraging AI-driven analytics and dashboards, the highest adoption rate among AI capabilities.
- These analytics tools are tied for the top spot in workload reduction, helping 38% of users save time and effort.

AI Usage within Organizations

- 88% of organizations are utilizing AI to some degree in service management, indicating broad engagement across industries and departments.
- Research and Development (R&D) departments are leading the charge, with 62% in the optimization stage of AI adoption.

Challenges and Areas for Improvement

- Data privacy and security remain the top concerns, with 72% of respondents expressing worries about AI tool security.
- Skills and talent shortages are the second most pressing challenge, cited by 32% of respondents.
- Natural Language Processing (NLP) capabilities consistently rank among the least adopted across departments, presenting a growth opportunity.

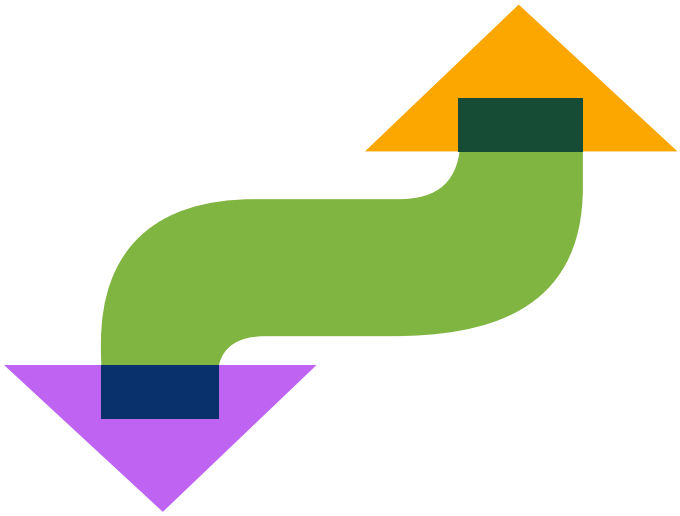
Strategic Implementation

- Organizations are taking a multifaceted approach to AI adoption, with 50% focusing on continuous improvement of AI solutions.
- 49% are conducting needs assessments to identify specific areas where AI can help.
- 46% are ensuring data readiness to support AI models effectively.

Future Outlook

- 89% of organizations plan to expand or further invest in AI technologies for service management in the next 12 months.
- Top investment priorities include training and upskilling initiatives (49%) and enhancing customer experiences with AI (48%).

In conclusion, this snapshot reveals a service management landscape that's actively embracing AI, reaping its benefits, and thoughtfully navigating its challenges. As organizations continue to innovate and evolve their AI strategies, the future of service management looks bright indeed.



Survey methodology and demographics

Atlassian's State of AI in Service Management 2024 research study surveyed over 500 business professionals across the US about their experiences and perceptions regarding the usage of AI in service management. The survey respondents work in various areas of business and across a variety of industries. This is the inaugural survey and was fielded by CITE Research, on behalf of Atlassian. It required that respondents were:

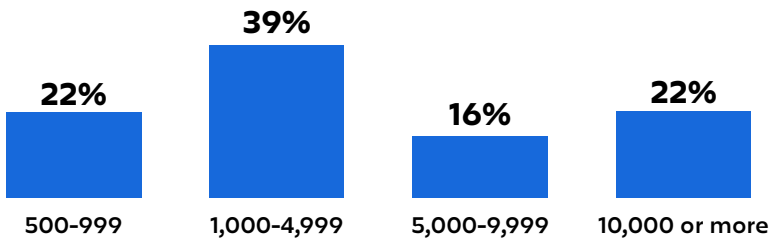
- Employed full time
- In a role in an IT and operations, research and development, human resources, customer service, or other business team
- At senior level or above
- Working at a company of 500+ employees

This profile shows a good mix of mid-size to large enterprises across various industries, with a notable representation from the technology sector and companies with significant annual revenues. This distribution shows a good mix of industries, with a slight emphasis on technology-related sectors (IT Services, Software, Internet Services, Technology Hardware). There's also significant representation from healthcare, manufacturing, and various service industries. This diverse sample suggests the survey results should provide insights applicable across a wide range of sectors. The sample is well-balanced across key business functions and management levels, providing a comprehensive view of AI adoption in service management. The even distribution across segments (IT/Ops, R&D, HR, Customer Service, and Other Business) ensures a holistic perspective on the topic. The predominance of managerial roles suggests that the survey reflects the views of those directly involved in decision-making and implementation of AI initiatives in service management.

Respondent Profile

Employee Headcount*

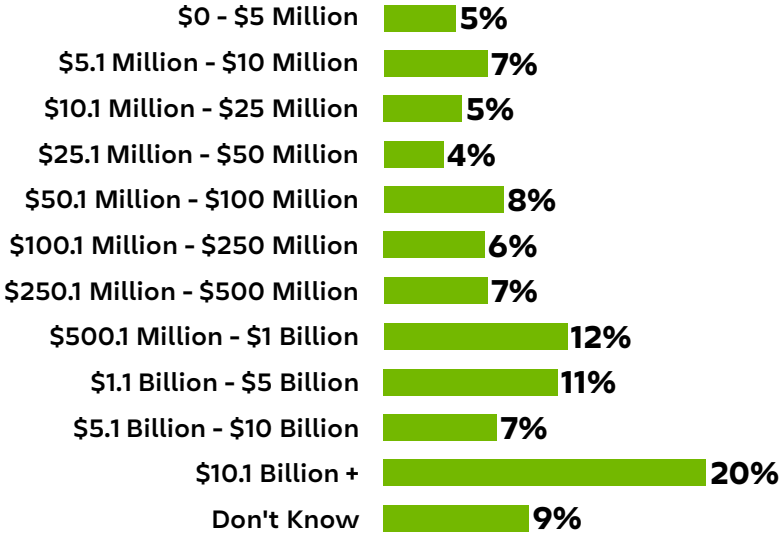
Approximately how many total employees are at your company, across all locations?
Base : All Respondents n = 500



- 22% each fall into the 500-999 and 10,000+ employee categories
- 16% have 5,000-9,999 employees
- 39% of companies have 1,000-4,999 employees

Annual Revenue*

What was the annual revenue for your company last year?
Base : All Respondents n = 500



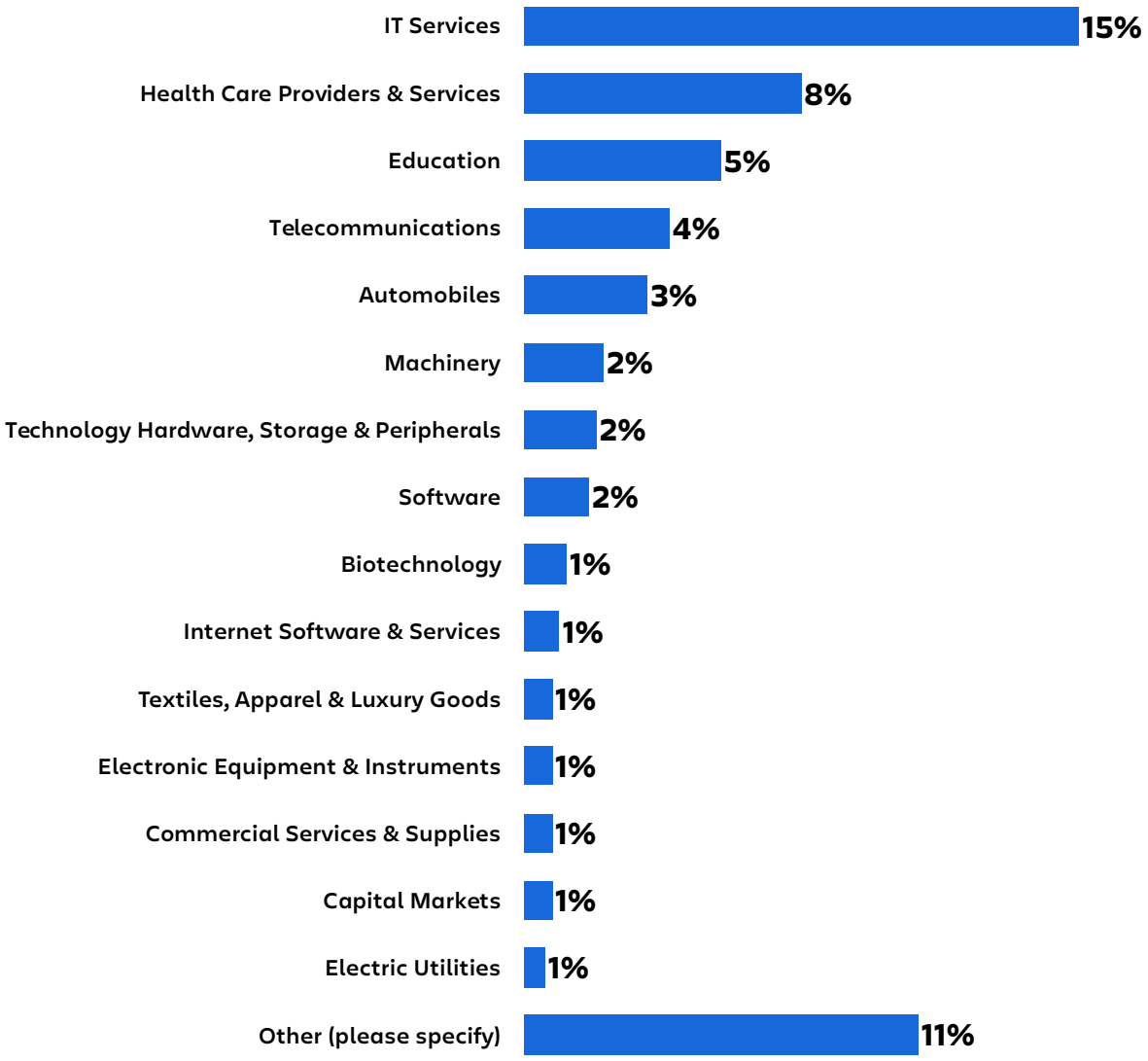
- 20% of companies have annual revenue of $10.1 Billion or more
- 11% fall in the $1.1 Billion - $5 Billion category
- 12% are in the $500.1 Million - $1 Billion range
- Smaller percentages are spread across other revenue brackets
- 9% of respondents don't know their company's annual revenue

*percentages may not total to 100% due to rounding of individual percentages

Industry

Which of the following best describes the business or industry your company is in?

Base : All Respondents n = 500

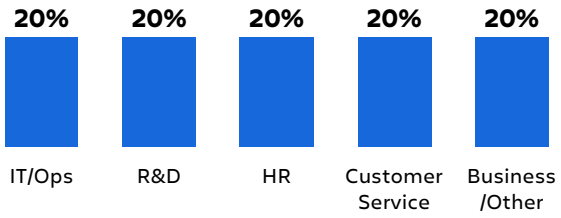


- Technology Sector Dominant: IT Services leads at 15%, with other tech-related industries like Software (2%), Technology Hardware (2%), and Internet Software & Services (1%) also represented.
- Healthcare's Significant Presence: Health Care Providers & Services ranks second at 8%
- Diverse Range of Traditional Industries: The survey includes a wide spectrum of traditional sectors such as Education (5%), Automobiles (3%), Machinery (2%), and Textiles, Apparel & Luxury Goods (1%).
- Broad Industry Coverage with "Other" Category: The significant "Other" category (11%) includes Manufacturing (1%), Financial Services (1%), Human Resources (1%), and Government (<1%)

Segments

Which of the following best describes your title?

Base : All Respondents n = 500



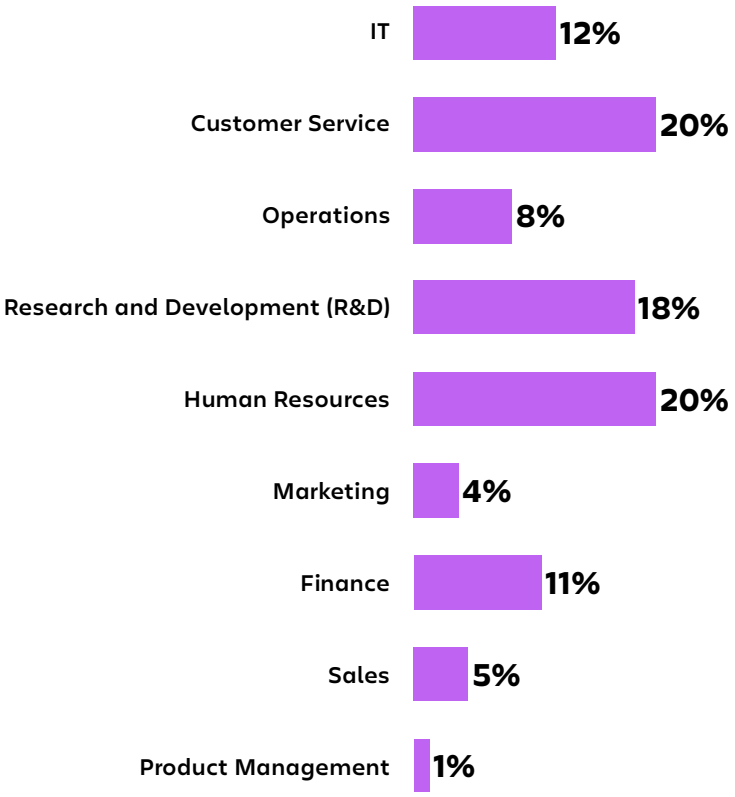
The respondents are evenly distributed across five key segments:

- IT/Ops: 20%
- R&D: 20%
- HR: 20%
- Customer Service: 20%
- Other Business: 20%

Department

In which department are you involved?

Base : All Respondents n = 500

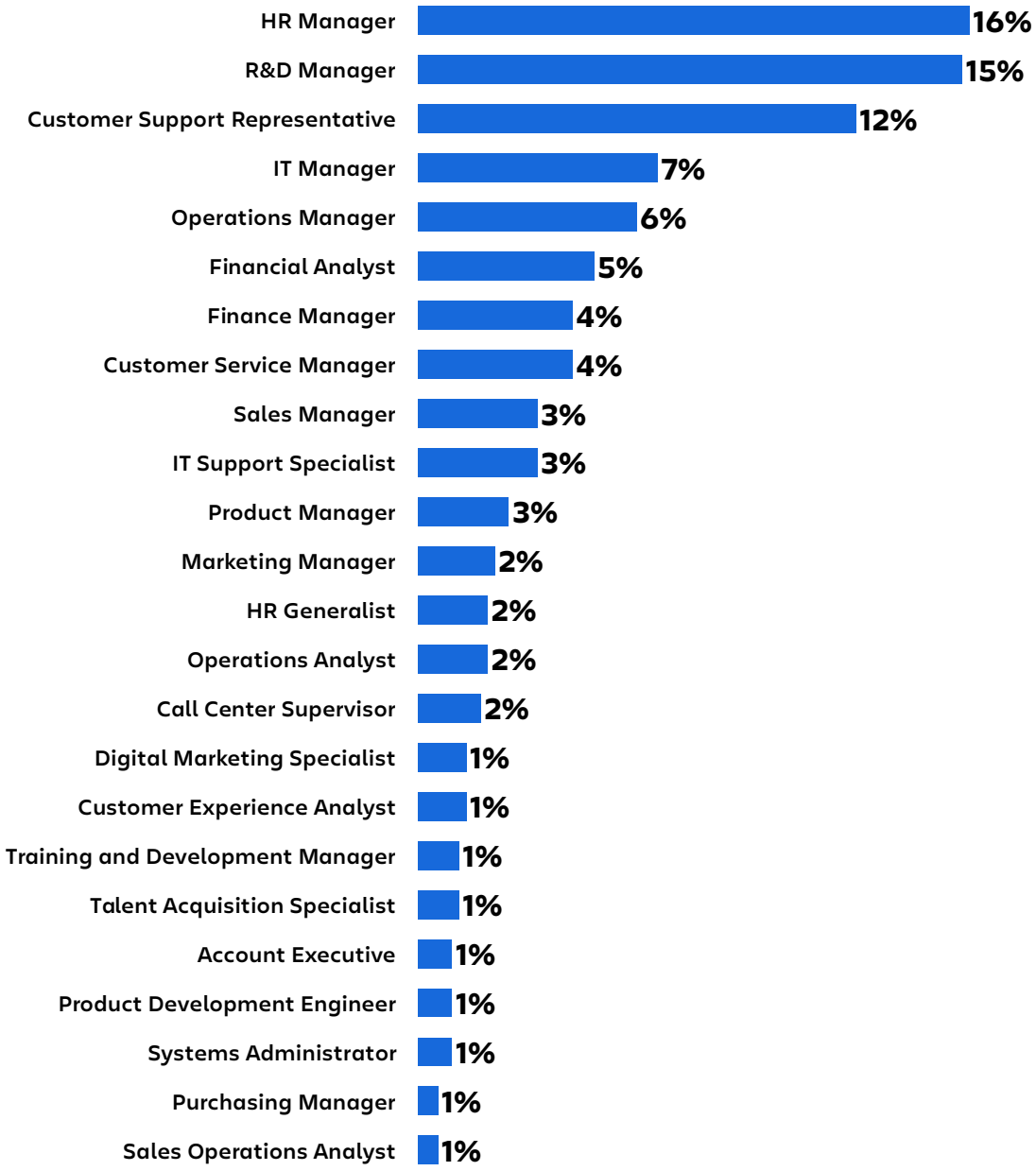


- Customer Service and Human Resources each represent 20%
- Research and Development (R&D) follows at 18%
- IT accounts for 12%
- Operations comprises 8%
- Finance represents 11%
- Smaller percentages are spread across Sales (5%), Marketing (4%), and Product Management (1%)

Job Title

Which of the following best describes the business or industry your company is in?

Base : All Respondents n = 500

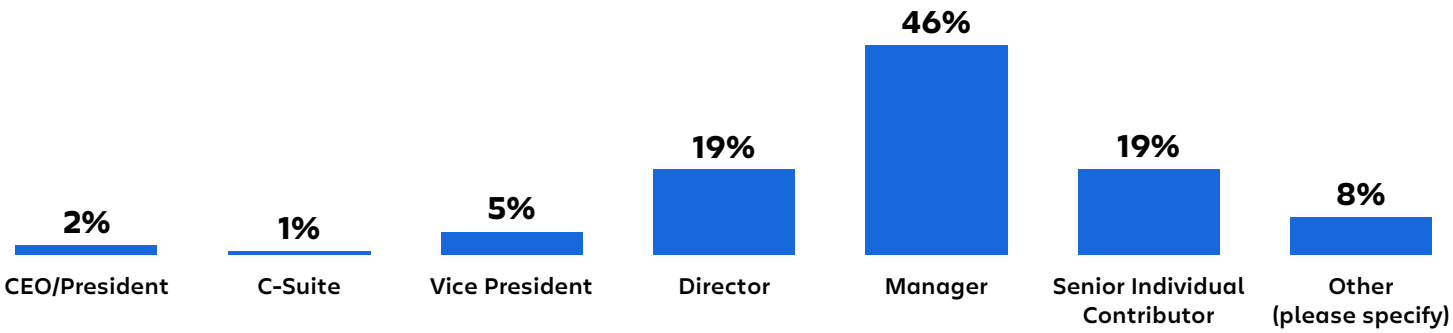


- HR Manager leads at 16%
- R&D Manager follows at 15%
- Customer Support Representative accounts for 12%
- IT Manager represents 7%
- Operations Manager and Financial Analyst each make up 5-6%
- Various other managerial and specialist roles each represent 1-4%

Role

What is your role?

Base : All Respondents n = 500



- Managers form the largest group at 46%
- Directors and Senior Individual Contributors each account for 19%
- Vice Presidents represent 5%
- C-Suite executives make up 1%
- CEOs/Presidents account for 2%
- Other roles comprise 8% of respondents - importantly Customer Service Representative at 3%

Detailed survey findings

AI usage across organizations

The survey reveals a diverse landscape of AI adoption in service management across different organizations.

- **Widespread but Varied Adoption**
  - 88% of organizations are utilizing AI to some degree in service management.
  - Only 12% report no AI utilization at all.

- **Stages of AI Utilization**
  - 29% are in the “Optimizing” stage, continuously refining their AI models and processes.
  - 17% are in the “Scaling” stage, expanding AI pilots to broader areas.
  - 20% are in the “Piloting” stage, running limited projects to demonstrate feasibility.
  - 23% are in the “Understanding” stage, learning about AI and exploring use cases.

- **Room for Growth**
  - While 29% are optimizing their AI usage, a significant 71% of organizations are still in earlier stages of adoption.
  - This indicates substantial room for growth and improvement in AI utilization across the industry.

- **Organizational Size Impact**
  - Larger organizations (over 5,000 employees) are less likely to be in the optimization stage compared to smaller organizations.
  - This suggests that smaller organizations may be more agile in advancing their AI initiatives to maturity.

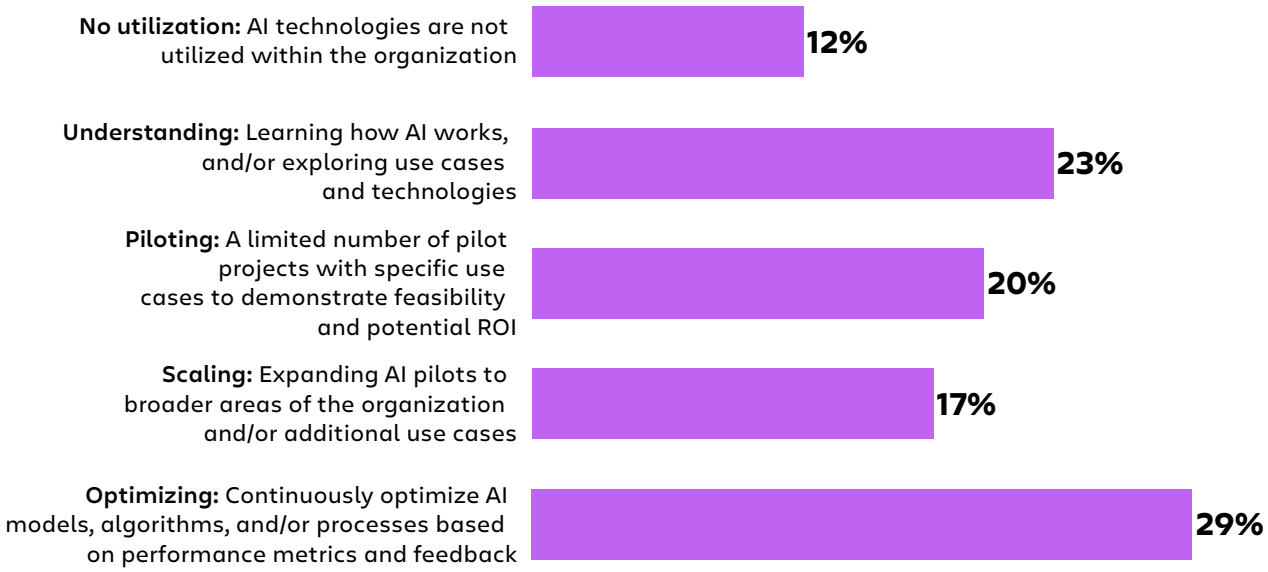
- **Overall Distribution**
  - The distribution across stages is relatively even, indicating a diverse AI maturity landscape in service management.

This data indicates that industries are actively engaging with AI, with most organizations somewhere along the adoption journey. It highlights both the progress made and the significant opportunities that remain for further AI integration and optimization in service management.

AI usage across organizations

Which of the following best describes your team's usage of Artificial Intelligence (AI)?

Base : All Respondents n = 500



AI usage by department

Overall, the data reveals significant disparities in AI adoption across departments, with R&D clearly leading the pack and Customer Service facing the biggest adoption challenges. IT Ops, HR, and Other Business Functions show more balanced distribution across the various stages of AI utilization, suggesting steady progress in these areas.

- **R&D leads in AI adoption**
  - 62% of R&D departments are in the optimization stage
  - Only 6% are in the no utilization or understanding stages combined

- **Customer Service lags behind**
  - 34% of Customer Service departments are still in the no-utilization stage
  - Only 11% have reached the optimization stage

- **IT Ops shows balanced adoption**
  - There is a fairly even distribution across stages, with 23% in optimization
  - Only 6% are in the no-utilization stage

- **Human Resources demonstrates moderate adoption**
  - 28% are in the optimization stage
  - 26% are still in the understanding stage

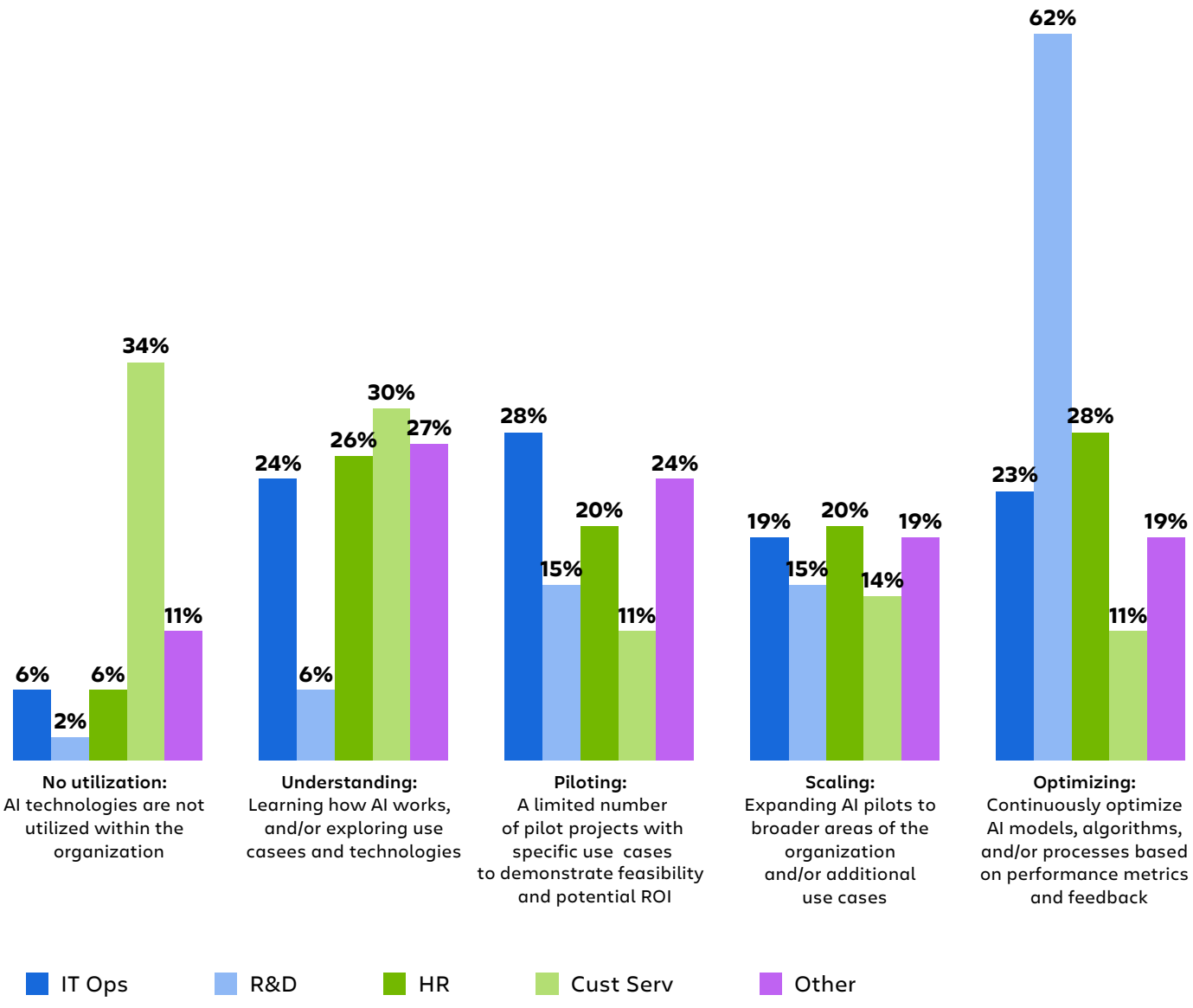
- **Other Business Functions show similar patterns to IT and HR**
  - 19% are in the optimization stage
  - 27% are in the understanding stage

The data suggests opportunities for cross-departmental learning and targeted strategies to boost AI adoption in lagging areas.

AI usage by department

Which of the following best describes your team's usage of Artificial Intelligence (AI)?

Base : All Respondents n = 500



AI usage in IT Ops functions

IT Ops teams are enthusiastically embracing AI-powered virtual agents with the functionality dominating AI adoption. The survey shows that 45% of IT Ops teams have implemented these agents, demonstrating a strong commitment to automating service desk support.

Following closely, Atlassian sees a cluster of AI capabilities gaining significant traction:

- AI-driven incident detection, classification, and grouping of similar incidents (38%)
- Automated incident routing, assignment, and subject matter expert identification (35%)
- Predictive maintenance for IT infrastructure (35%)

These figures indicate a growing trend towards more intelligent, proactive IT operations management.

AI-assisted cross-functional team collaboration is also making waves, with 34% of respondents leveraging this capability to enhance teamwork and communication.

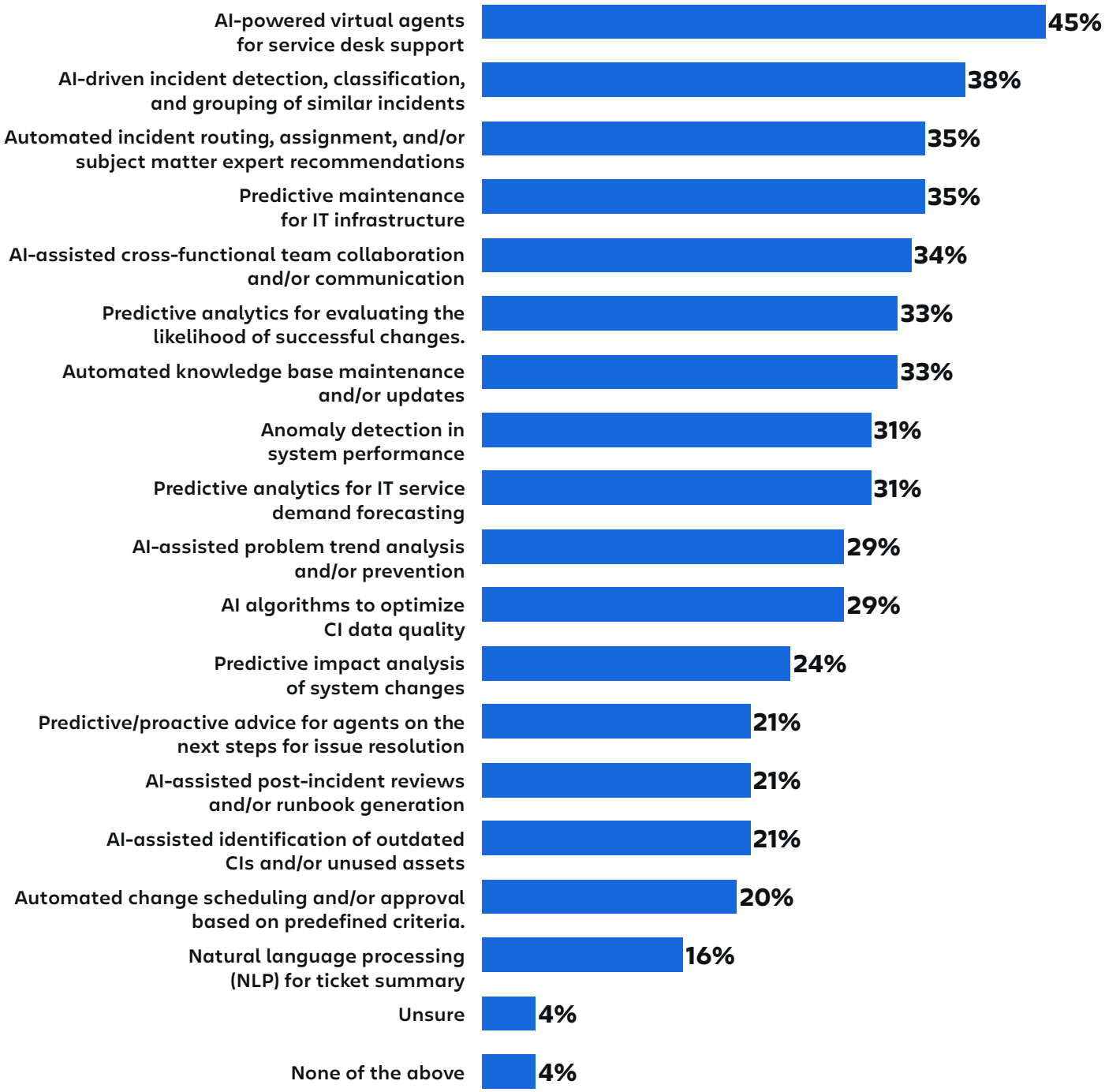
Despite the widespread adoption of many AI functions, the utilization of Natural Language Processing (NLP) for ticket summaries lags behind, currently standing at a mere 16% adoption rate. This suggests an opportunity for growth in more advanced text analysis capabilities within IT operations.

The data highlight that IT Ops teams are actively adopting AI to streamline processes, improve incident management, and deliver more efficient and proactive service. The widespread adoption of various AI capabilities showcases a diverse strategy in utilizing AI for IT service management and operations.

AI usage in IT Ops functions

Is your company using AI capabilities in the following IT and Operations functions?

Base : IT Ops n = 94



AI usage in R&D functions

R&D departments are at the forefront of AI adoption, demonstrating a comprehensive embrace of AI capabilities across various functions. The survey highlights an impressive and consistent adoption rate of over 40% for all AI capabilities tested.

Leading the pack, Atlassian sees two key areas of focus:

- Intelligent project scheduling and resource allocation (52%)
- Predictive analytics for identifying potential release risks and issues (50%)

These high adoption rates underscore R&D's commitment to leveraging AI for more efficient project management and risk mitigation.

- AI-assisted cross-functional team collaboration and communication (46%)
- Natural Language Processing (NLP) for requirements analysis and ticket processing (45%)
- AI-driven release planning and scheduling (45%)

Even the capabilities with relatively lower adoption rates still show strong uptake:

- Automated code review and quality analysis (44%)
- Predictive bug detection and prevention (44%)
- Request intake and ticket routing automation (43%)
- Automated code documentation and knowledge base maintenance (43%)

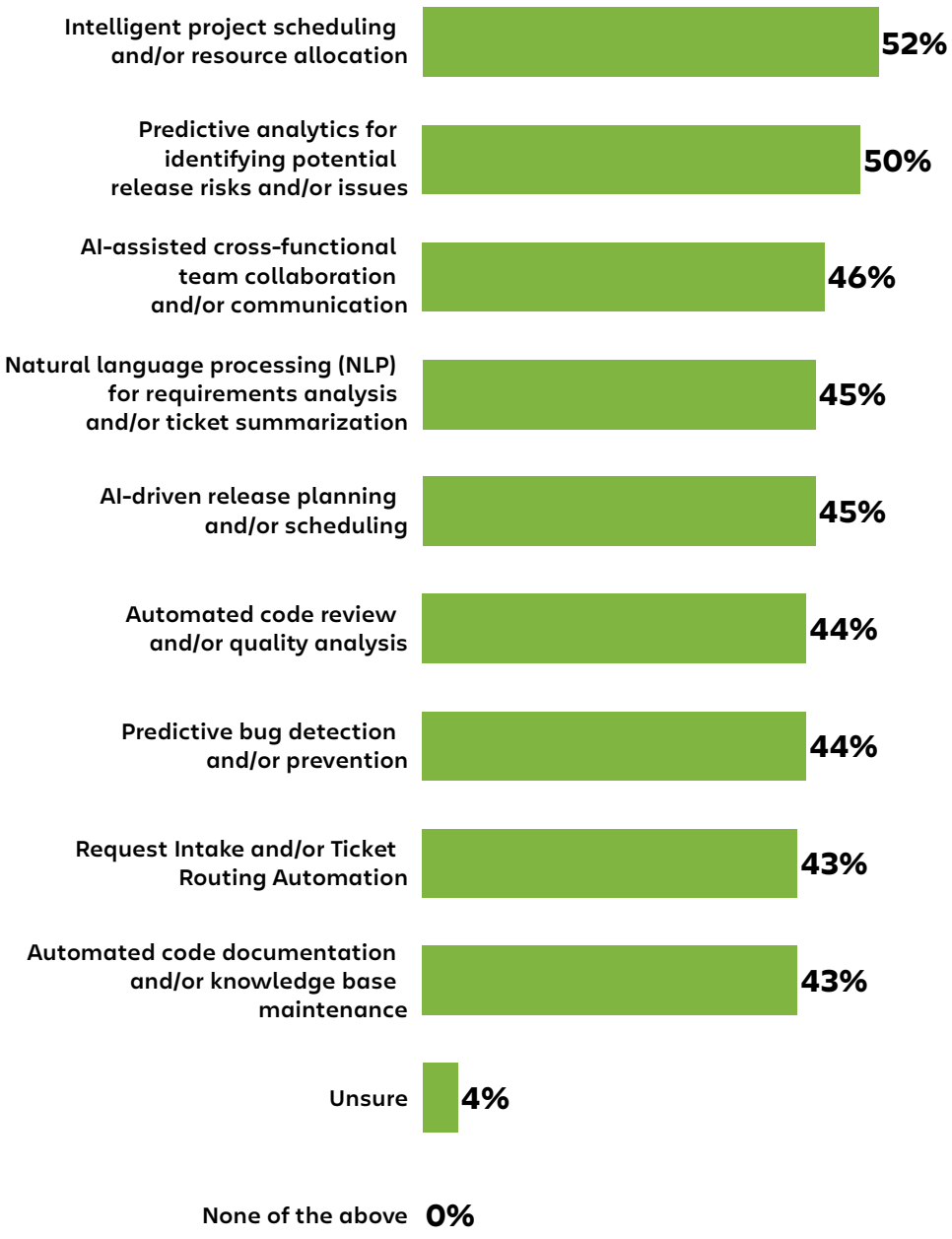
The consistent adoption rates across all capabilities indicate a holistic approach to AI integration in R&D processes. This data spotlights R&D departments as pioneers in AI adoption, leveraging the technology to enhance collaboration, improve code quality, streamline project management, and boost overall efficiency in the development lifecycle.

The lack of any "None of the above" responses further emphasizes R&D's comprehensive adoption of AI, suggesting these departments are fully committed to exploring and implementing AI solutions across their operations.

AI usage in R&D functions

Is your company using AI capabilities in the following Research & Development functions?

Base : R&D n = 98



AI usage in HR functions

Over half of HR departments that utilize AI are leveraging Intelligent HR knowledge base management. This capability leads in adoption at 52%, closely followed by AI-driven candidate screening and recruitment analytics at 51%.

The survey reveals a range of AI applications in HR functions, including:

- Predictive workforce planning and talent management (47%)
- Automated employee onboarding and offboarding workflows (46%)
- AI-generated meeting notes and action items (41%)
- AI-powered virtual agents for employee inquiries and self-service (37%)
- AI-assisted cross-functional team collaboration & communication (36%)

Even the capabilities with relatively lower adoption rates still show strong uptake:

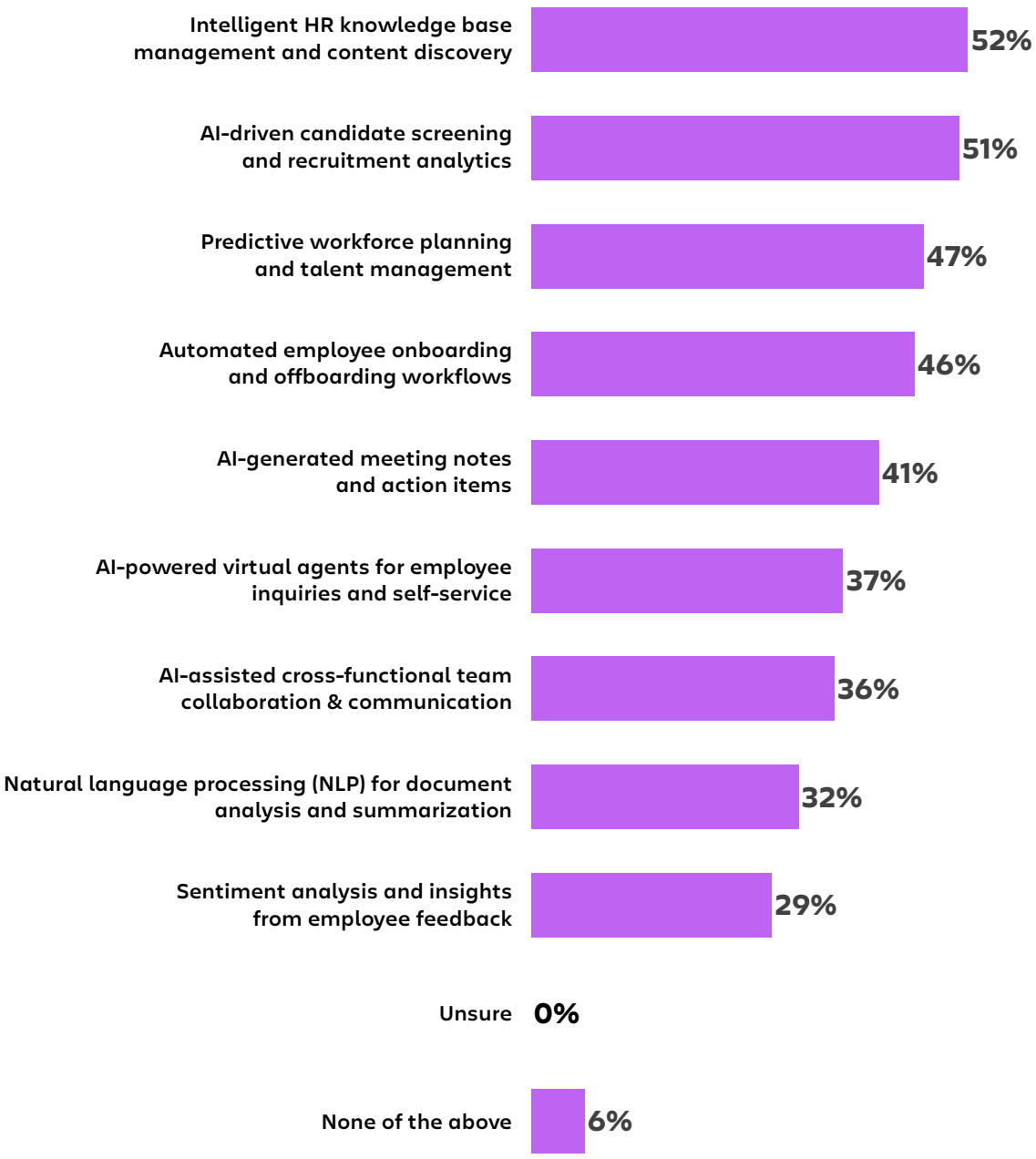
- Natural language processing (NLP) for document analysis and summarization (32%)
- Sentiment analysis and insights from employee feedback (29%)

These findings indicate that while HR departments are embracing AI for knowledge management and recruitment, there's potential for expanded use in areas like sentiment analysis and NLP. Only 6% of respondents indicated they weren't using any of these AI capabilities in HR, demonstrating widespread adoption of AI in human resources functions.

AI usage in HR functions

Is your company using AI capabilities in the following Human Resources functions?

Base : HR n = 94



AI usage in Customer Service functions

Customer Service is leading the way with AI-powered virtual agents, showcasing a strong commitment to enhancing real-time support. The survey reveals that 48% of Customer Service departments have adopted these AI agents, setting the pace for automated customer interactions.

Close behind, Atlassian sees a cluster of AI capabilities gaining significant traction:

- Automated ticket classification, routing, and prioritization (44%)
- Sentiment analysis of customer interactions (42%)
- Predictive analytics for customer issue resolution and prevention (42%)

These figures indicate a growing trend towards more intelligent, data-driven customer service operations.

AI-driven knowledge base management is also making its mark, with 36% of respondents utilizing this capability to improve information accessibility and accuracy.

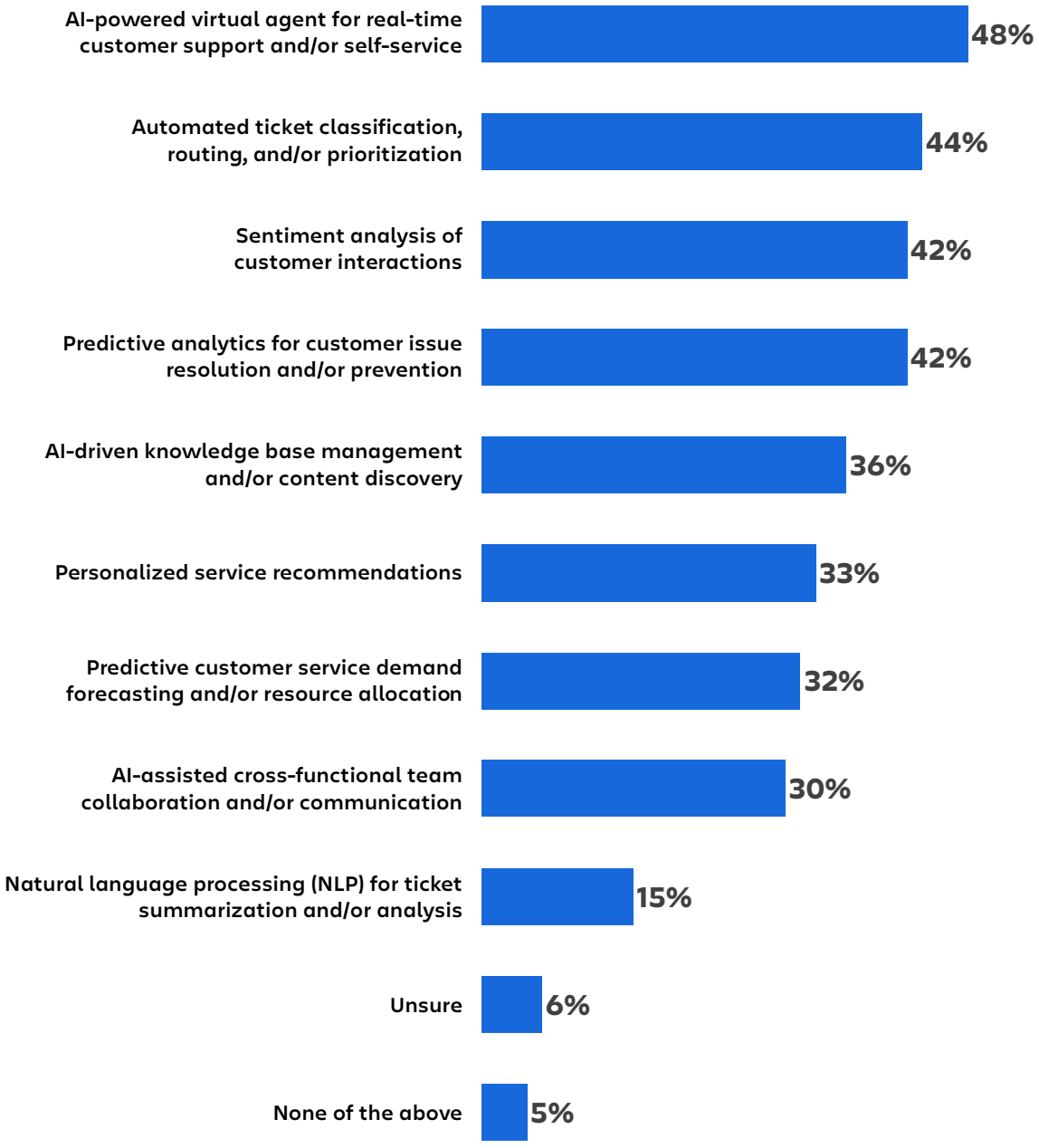
Similar to the trends seen in other team functions, the adoption of Natural Language Processing (NLP) for ticket summarization remains low (15%). This indicates an opportunity for growth in more advanced text analysis capabilities.

The data show that Customer Service departments are actively embracing AI to streamline operations, enhance customer understanding, and provide more efficient, personalized service. The high adoption rates across multiple AI capabilities demonstrate a multifaceted approach to leveraging AI in customer-facing roles.

AI usage in Customer Service functions

Is your company using AI capabilities in the following Customer Service functions?

Base : Customer Service n = 66



AI usage in other business functions

Other Business Departments are embracing AI with a focus on project management and risk assessment. The survey highlights that 42% of these departments have adopted AI-driven project risk assessment and performance monitoring, leading the pack in AI utilization.

Close behind, Atlassian sees a cluster of AI capabilities gaining significant traction:

- Virtual project assistants for task management and progress tracking (40%)
- Business process optimization and automation (39%)
- AI-powered business intelligence and interactive dashboards (38%)

These figures indicate a growing trend towards more intelligent, data-driven business operations and decision-making.

AI-assisted cross-functional team collaboration is also making its mark, with 36% of respondents utilizing this capability to improve communication and productivity across departments.

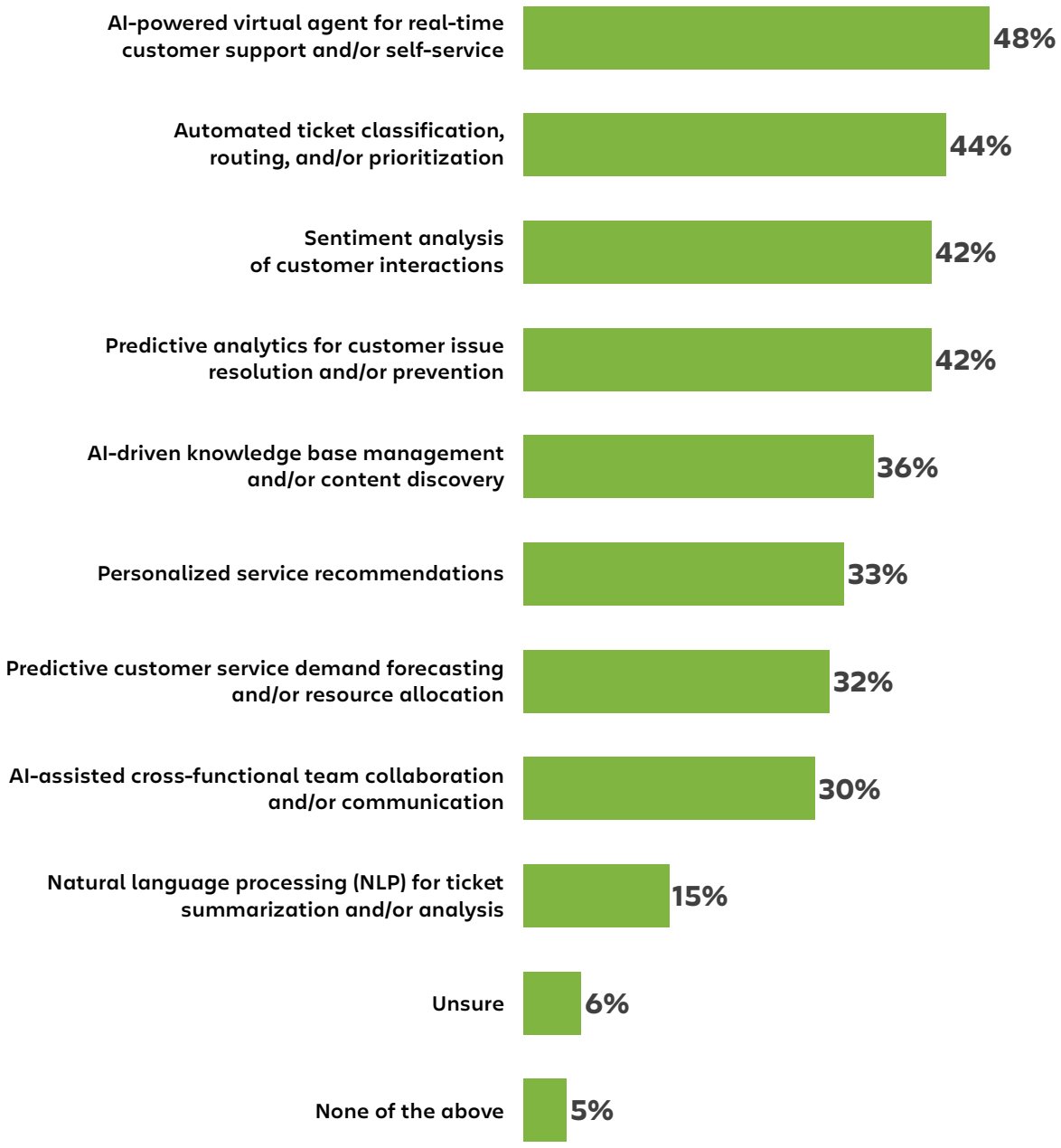
Although many AI functions are seeing strong adoption, Natural Language Processing (NLP) for document summary and analysis, along with automated resource allocation, show lower adoption rates at 31% and 30% respectively. This highlights potential areas for growth in more advanced text analysis and resource management capabilities.

The data illustrates that some business departments are actively embracing AI to enhance project management, optimize processes, and improve decision-making. The high adoption rates across multiple AI capabilities showcase a multifaceted approach to leveraging AI in various business functions.

AI usage in other business functions

Is your company using AI capabilities in the following Business functions?

Base : Other n = 89



Comparing AI usage across organizations

While each department shows unique patterns of AI adoption aligned with their specific functions, there's a common thread of leveraging AI to enhance efficiency, automate routine tasks, and provide data-driven insights.

HR is focusing heavily on knowledge management and recruitment, with 52% utilizing intelligent HR knowledge base management and 51% leveraging AI-driven candidate screening. This indicates a strong emphasis on streamlining information access and improving hiring processes.

Customer Service, as previously noted, leads with AI-powered virtual agents (48%), closely followed by automated ticket classification (44%) and sentiment analysis (42%). This department shows a clear focus on enhancing real-time customer interactions and understanding customer needs.

R&D demonstrates the most comprehensive adoption of AI across all capabilities tested. They're particularly strong in intelligent project scheduling (52%) and predictive analytics for risk identification (50%). This widespread adoption suggests R&D is at the forefront of AI integration in their workflows.

IT Ops shows a similar pattern to Customer Service, with AI-powered virtual agents leading at 45%. However, they also show strong adoption in incident detection and classification (38%) and automated incident routing (35%), indicating a focus on streamlining IT support processes.

Other business departments are leveraging AI primarily for project management, with 42% using AI-driven project risk assessment and 40% employing virtual project assistants. This suggests a focus on improving project outcomes and mitigating risks.

Across all departments, Natural Language Processing (NLP) consistently ranks among the least adopted capabilities, ranging from 15% in Customer Service to 32% in HR. This universal trend highlights a potential area for growth and development across the board.

R&D stands out as the most advanced in AI adoption, with no department reporting "None" for AI usage and consistently high percentages across all capabilities. In contrast, other departments show more varied adoption rates, suggesting different priorities and levels of AI maturity.

The varied adoption rates across departments also indicate opportunities for cross-functional learning and AI strategy alignment within organizations.

Incorporating AI initiatives within service management roadmaps

Organizations are taking a multifaceted approach to incorporating AI initiatives into their service management roadmap, with Continuous Improvement and Needs Assessment leading the way. The survey reveals that 50% of respondents are focusing on Continuous Improvement, working to enhance the effectiveness of AI solutions in alignment with evolving business needs.

Close behind, Atlassian sees a strong emphasis on:

- Needs Assessment: Identifying specific areas where AI can help (49%)
- Data Readiness: Ensuring the readiness of data infrastructure to support AI models (46%)
- Talent Development: Ensuring teams have the necessary skills to work with AI (44%)

These figures indicate a thoughtful, strategic approach to AI implementation across organizations.

When we look at specific departments, R&D stands out as a frontrunner in AI adoption. They're taking a comprehensive approach, with high engagement across multiple areas:

- Prioritization Framework: 58% are developing frameworks to select AI initiatives
- Data Readiness: 58% are focusing on preparing their data infrastructure
- Pilot Projects: 57% are initiating proof of concepts to test AI technologies
- Talent Development: 57% are ensuring their teams have the necessary AI skills

This multi-pronged strategy suggests that R&D departments are not just adopting AI, but doing so with a well-rounded, forward-thinking approach.

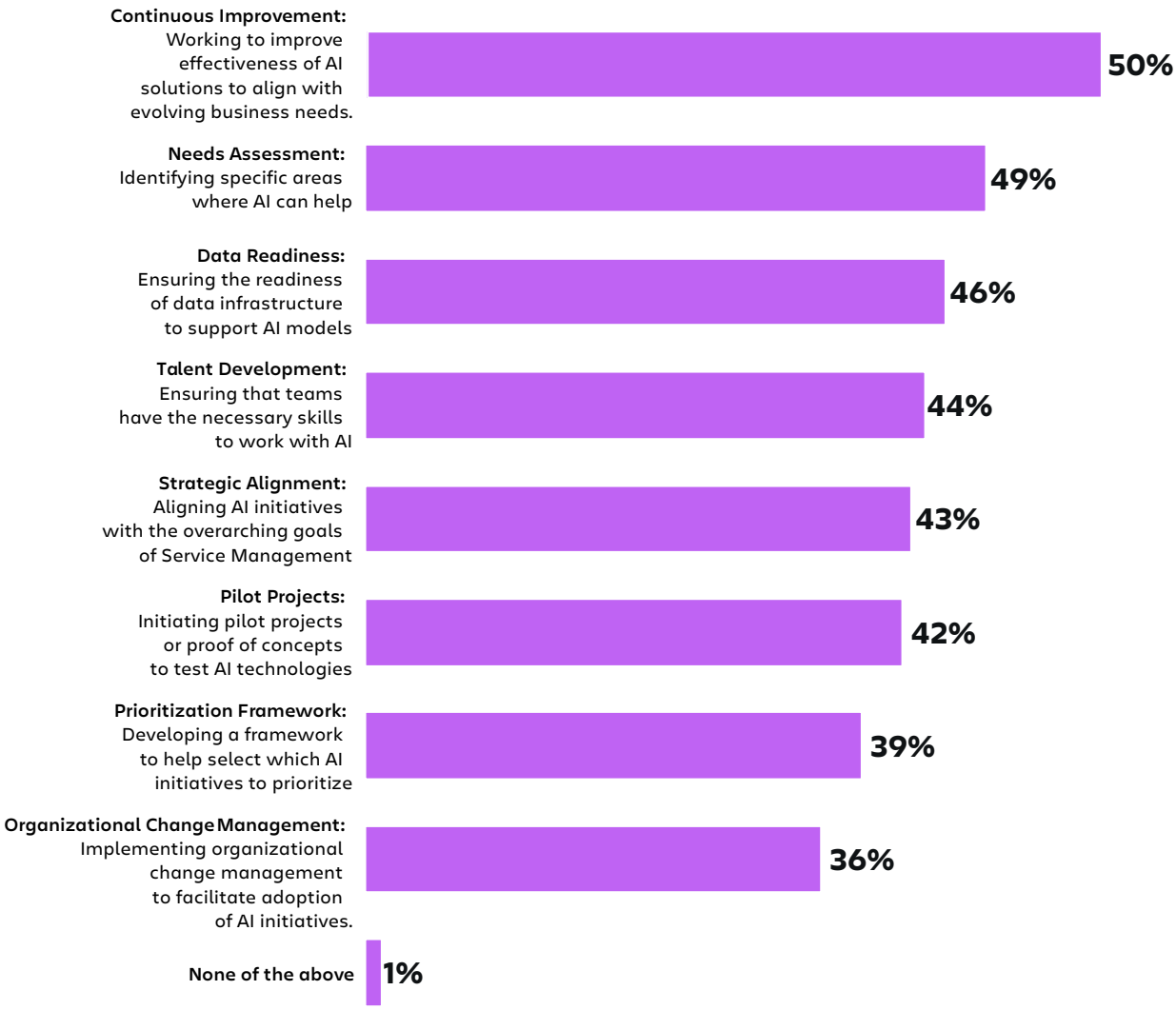
HR departments, while not leading the pack, are showing a strong focus on Talent Development, with 55% prioritizing this area. This emphasis aligns well with HR's core function and indicates a recognition of the importance of AI skills in the modern workforce.

The data portray organizations taking a strategic, holistic approach to AI adoption in service management. The high percentages across various initiatives demonstrate a recognition that successful AI implementation requires attention to multiple facets, from data readiness to talent development and continuous improvement.

Methods for incorporating AI initiatives within service management roadmaps

How is your organization incorporating AI initiatives within their Service Management roadmap?

Base : Utilizing AI n = 441



KPIs used to evaluate AI implementation

Organizations are leveraging a diverse set of Key Performance Indicators (KPIs) to measure the success of their AI implementations, with customer satisfaction and operational efficiency taking center stage.

Customer Satisfaction Score (CSAT) leads the pack, with 42% of organizations using it as a primary metric. This underscores the critical role AI is playing in enhancing the customer experience.

Atlassian sees a strong focus on operational improvements:

- Operational Cost Savings (41%)
- Accuracy and Performance of AI Models (41%)
- Time Saved through AI-driven Efficiencies (36%)

These figures highlight a balanced approach, valuing both financial outcomes and the quality of AI-driven processes.

Response Time to service requests or incidents is also a key metric for 35% of respondents, indicating a growing emphasis on speed and agility in service delivery.

While many organizations are tracking traditional metrics, Atlassian also sees the emergence of AI-specific KPIs. For instance, 29% are monitoring the AI Adoption Rate within service management processes, showcasing a commitment to measuring the penetration of AI technologies.

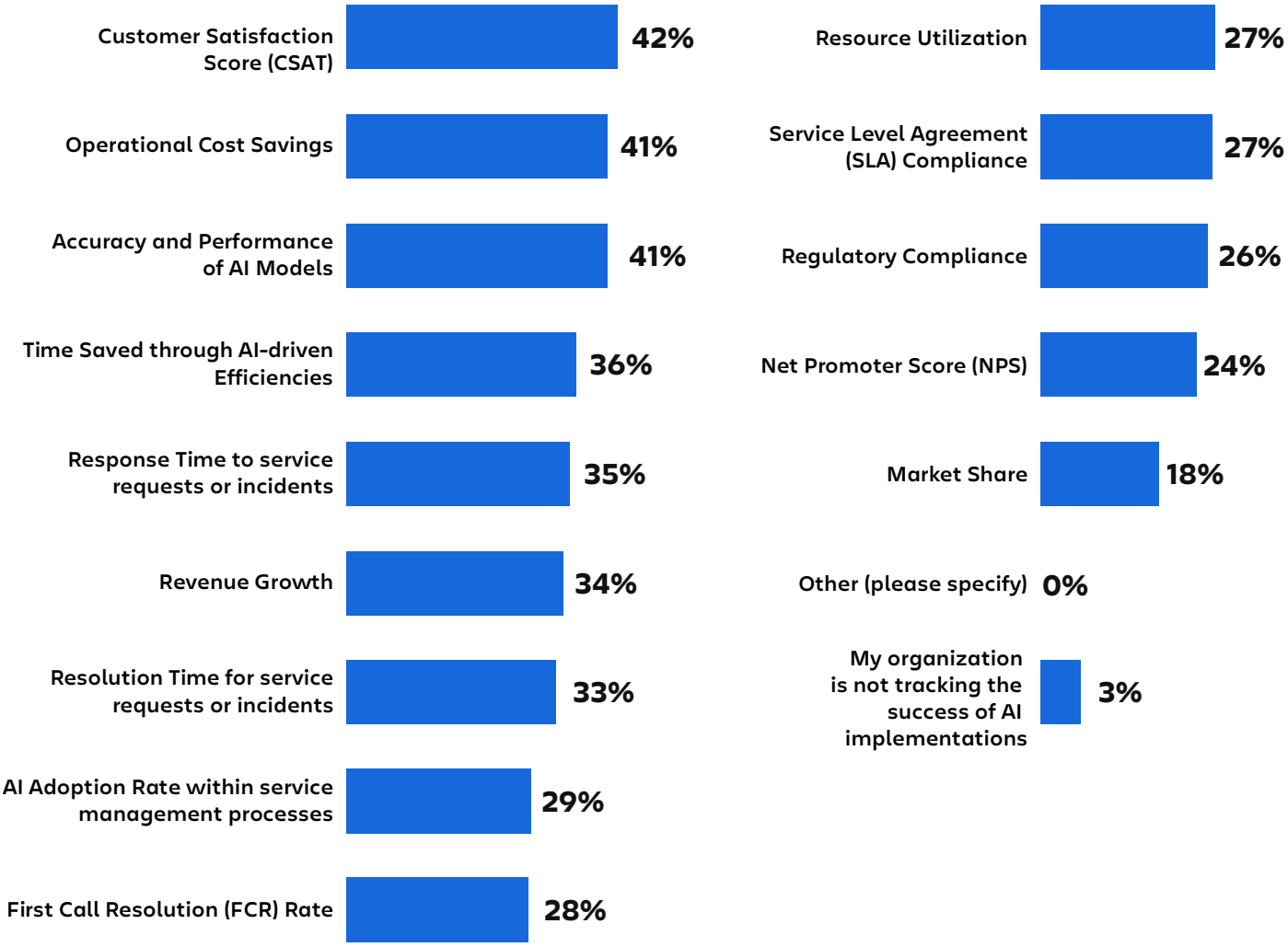
It's worth noting that only 3% of organizations report not tracking the success of their AI implementations at all. This near-universal commitment to measurement demonstrates the strategic importance of AI initiatives and a data-driven approach to evaluating their impact.

The variety of KPIs being utilized reflects the multifaceted nature of AI's impact on service management, spanning customer satisfaction, operational efficiency, and technological advancement. This comprehensive approach to measurement suggests organizations are taking a holistic view of AI's value proposition.

KPIs used to evaluate AI implementation

What key performance indicators (KPIs) are your organization using to evaluate the success of AI implementations?

Base : Utilizing AI n = 441



AI adoption drivers and barriers

Factors influencing the decision to adopt AI in service management

Enhanced Customer Experience emerges as the top driver for AI adoption in service management, with a commanding 64% of respondents citing it as a key factor. This underscores the growing recognition of AI's potential to transform customer interactions and satisfaction levels.

Interestingly, Atlassian sees some notable variations across departments:

- Customer Service departments are particularly motivated by the promise of enhanced customer experience, with a significant 76% citing this as a primary driver. This aligns closely with their core mission and underscores the perceived value of AI in customer-facing roles.

- R&D teams are more strongly influenced by the potential for Efficiency Gains (79%) and Data-Driven Insights (74%). This suggests a more process-oriented and analytical approach to AI adoption in research and development contexts.

- IT Ops also prioritizes Efficiency Gains, with 63% identifying it as a key factor. This reflects the ongoing push for streamlined, automated IT processes and the potential of AI to alleviate workload pressures.

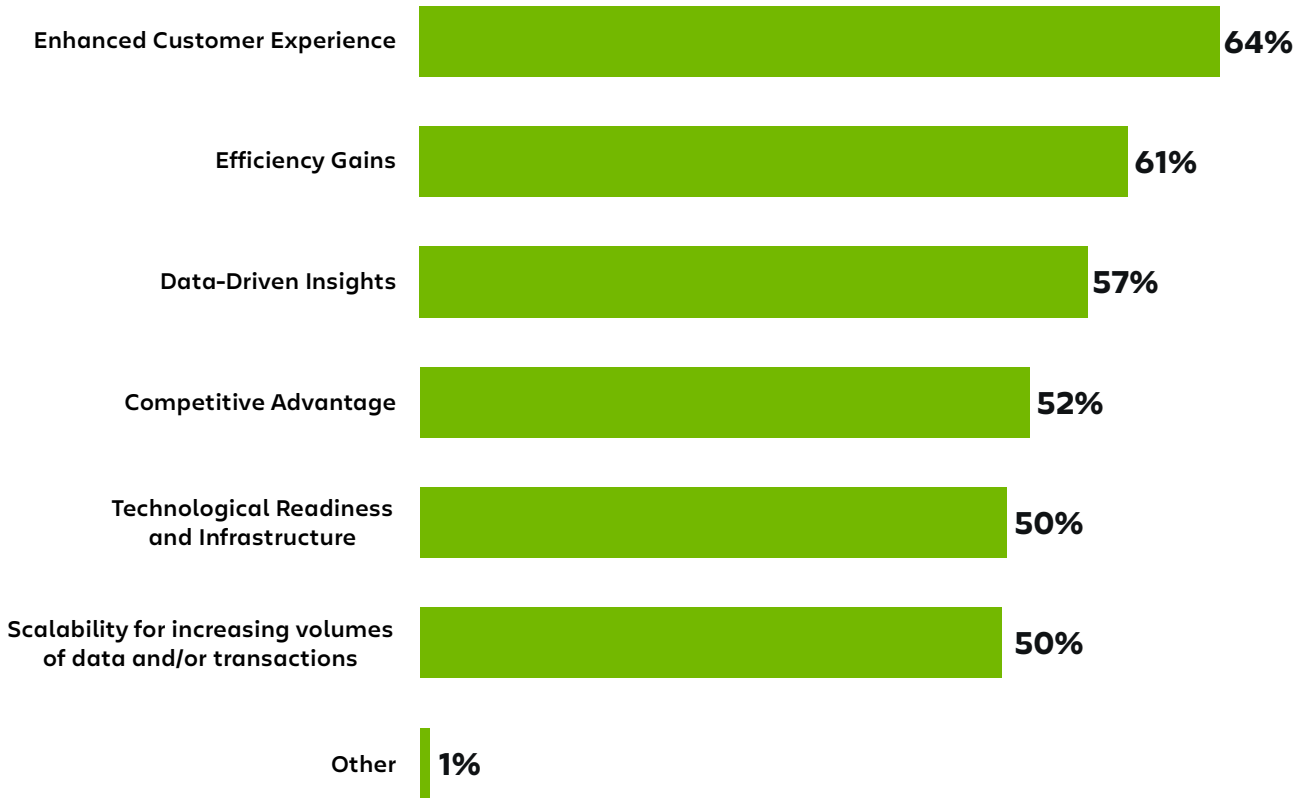
Other significant factors influencing AI adoption include Data-Driven Insights (57%), Competitive Advantage (52%), and Technological Readiness and Infrastructure (50%). These figures indicate a broad recognition of AI's potential to drive strategic advantages and the importance of having the right technological foundation in place.

Overall, this data indicates that organizations are adopting AI with a clear focus on improving both customer experiences and operational efficiency. The variations across departments highlight the versatility of AI and its ability to address diverse organizational needs and priorities.

Factors influencing the decision to adopt AI in service management

What factors influenced your organization's decision to adopt AI in Service Management?

Base : AI n = 441



Challenges in AI adoption

When it comes to the challenges of AI adoption in service management, data privacy and security emerge as the primary concern, with 36% of respondents highlighting this as a significant hurdle. This underscores the critical importance of robust data protection measures in AI implementation strategies.

Following closely, skills and talent shortage is the second most pressing challenge, cited by 32% of respondents. This indicates a growing need for AI-specific expertise and training programs within organizations.

Budget constraints round out the top three challenges, with 31% of respondents identifying this as a major obstacle. This suggests that while the potential of AI is recognized, securing the necessary financial resources remains a significant barrier for many.

R&D departments face a unique challenge. For them, the absence of a clear business case stands out as a major hurdle, with 37% of R&D respondents citing this as a significant issue. This highlights the need for more targeted ROI studies and use case development specifically for R&D applications of AI.

Organizations with higher revenues (more than $250M) also face distinct challenges. These larger companies are more likely to struggle with establishing a clear business case for AI adoption. This suggests that even with greater resources, justifying AI investments and demonstrating tangible benefits remains complex for larger enterprises.

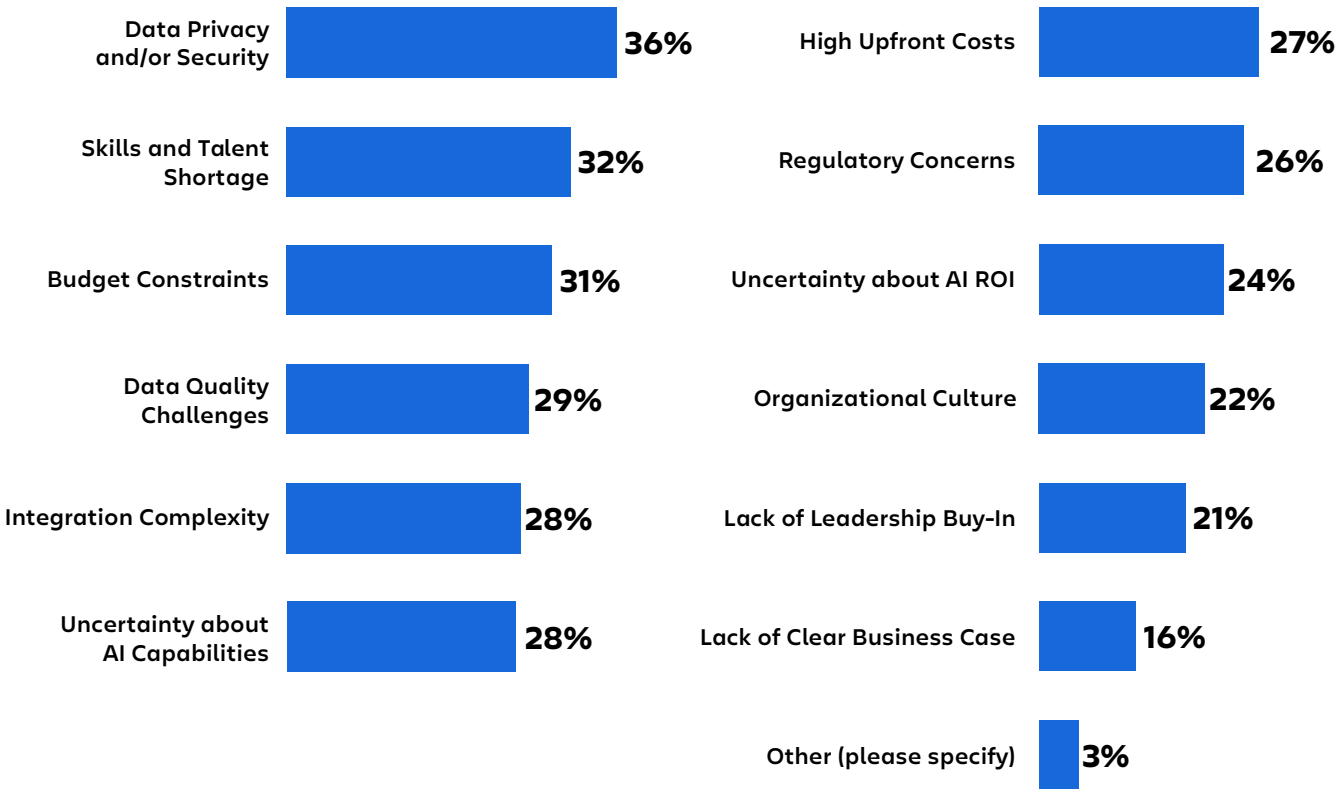
Other notable challenges include data quality issues (29%), integration complexity (28%), and uncertainty about AI capabilities (28%). These factors paint a picture of an industry grappling not just with the technical aspects of AI implementation, but also with strategic and operational considerations.

This data reveals a multifaceted landscape of challenges in AI adoption, ranging from technical and security concerns to skills gaps and strategic alignment issues. It emphasizes the need for comprehensive, well-planned approaches to AI integration in service management.

Challenges in AI adoption

What are the main challenges your organization has encountered in adopting AI in Service Management?

Base : All Respondents n = 500



Importance of factors in AI adoption

When it comes to adopting AI technology, organizations are considering a wide range of factors, with data-related concerns taking center stage. The survey reveals some compelling insights.

Data privacy capabilities emerge as the top priority, with an impressive 70% of respondents rating it as very important. This underscores the critical nature of data protection in the AI landscape.

The high importance percentage (96%) for the following factors highlight the emphasis on seamless implementation and reliable data foundations for AI initiatives.

- Data availability and/or quality
- Ease of integration with existing systems

Expected return on investment is also a key consideration, with 59% rating it as very important. This indicates a strong focus on the business value of AI adoptions.

Although, vendor reliability and support remain significant, they are slightly less prioritized, with 56% of respondents deeming them very important. This suggests that while important, vendor reliability and support are not the top concern for most organizations.

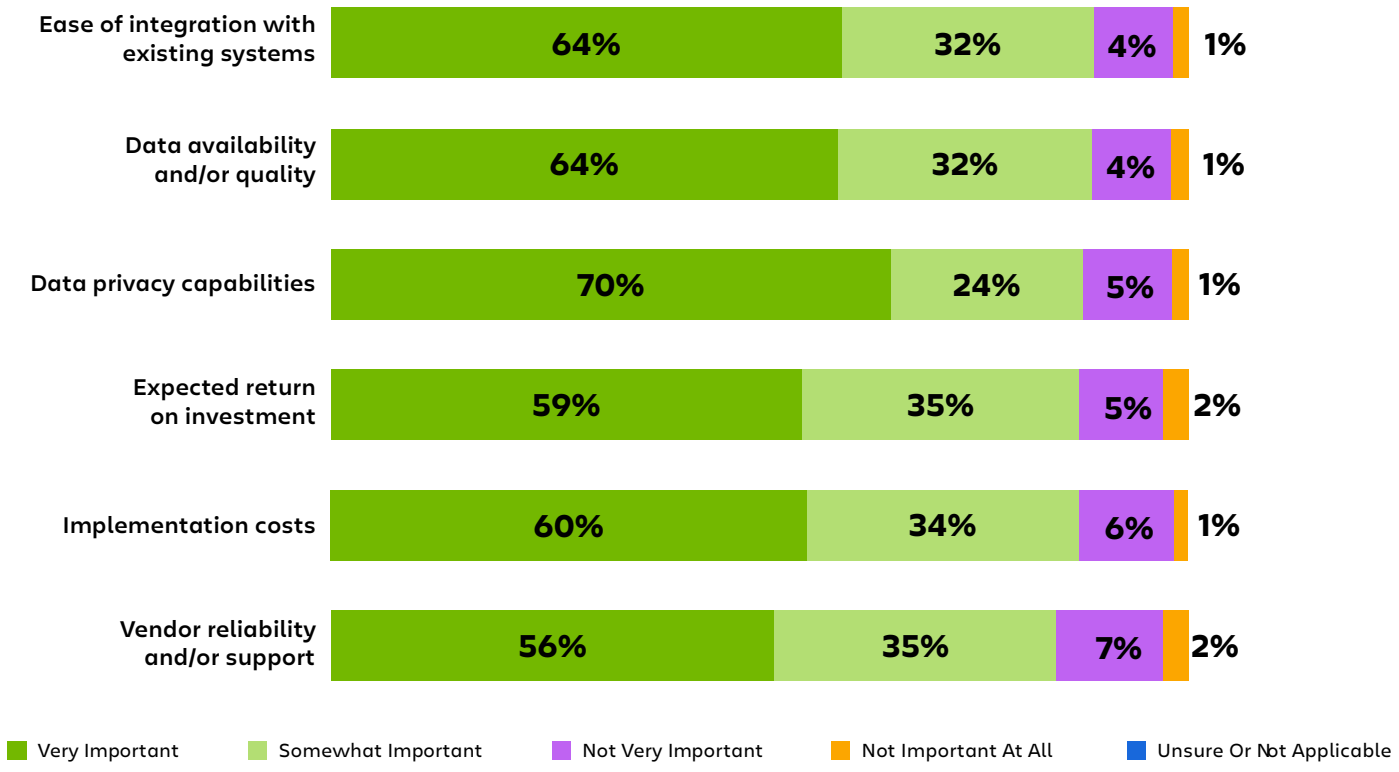
It's worth noting that across all factors, the combined "very important" and "somewhat important" ratings consistently exceed 90%. This indicates that decision-makers are taking a holistic approach to AI adoption, carefully weighing multiple aspects.

The data depicts organizations prioritizing data security, quality, and integration while maintaining a keen eye on ROI. This balanced approach suggests a maturing understanding of the complexities involved in successful AI implementation in service management.

Importance of factors in AI adoption

How important are each of the following factors in adopting an AI technology?

Base : Utilizing AI n = 441



Methods of addressing employee training to adapt to AI-driven changes

The survey reveals a proactive approach to employee training and upskilling in response to AI-driven changes in service management. Organizations are employing a variety of strategies to ensure their workforce is prepared for the AI revolution:

- Implementing Training and Development Programs leads the pack at 57%, demonstrating a strong commitment to formal learning initiatives.
- Providing Hands-on Experience with AI Tools follows closely at 56%, highlighting the importance of practical, applied learning.
- Cultivating a Continuous Learning Culture is prioritized by 51% of respondents, indicating a shift towards long-term, sustainable skill development.
- Encouraging Cross-functional Collaboration and Knowledge Sharing (47%) and Offering Upskilling and Reskilling Initiatives (44%) round out the top five strategies.

Despite the overall positive trend, 27% of organizations report not having taken any steps to address employee training, suggesting room for improvement in AI readiness across the industry.

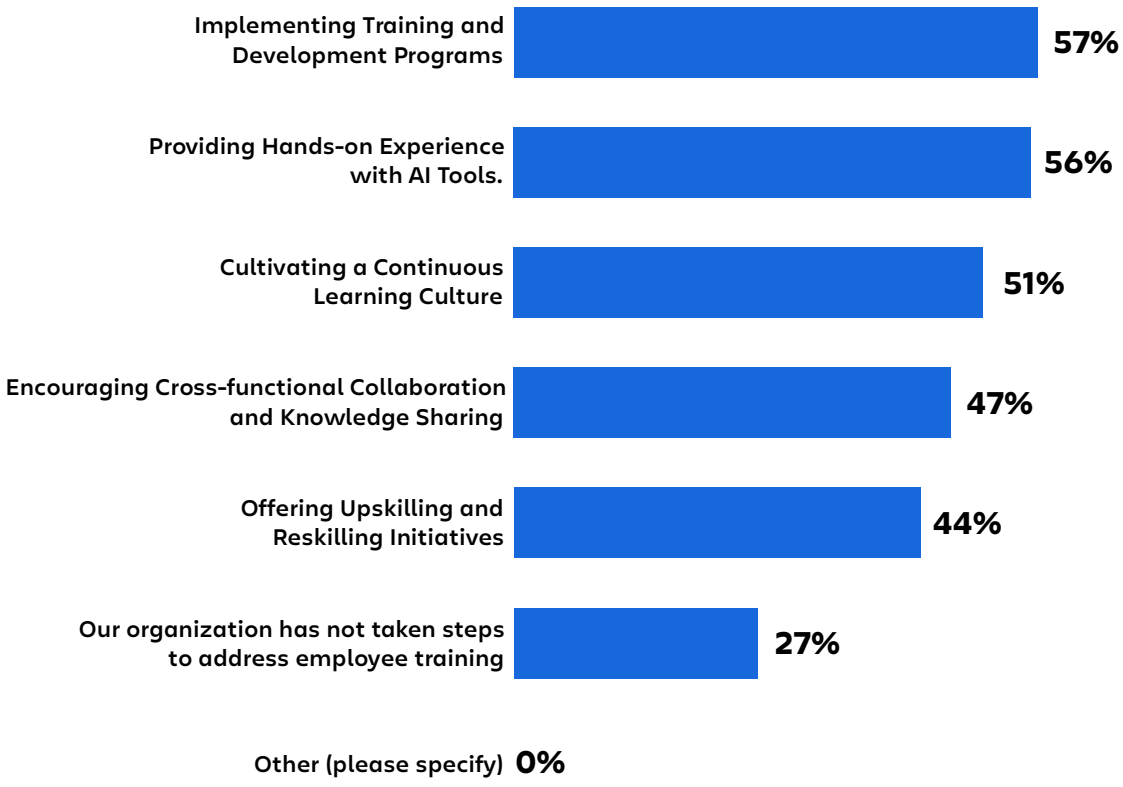
R&D departments stand out in this landscape, with 45% reporting they have not taken steps to address employee training. This is particularly noteworthy given R&D's leading position in AI adoption and optimization. It suggests that while R&D teams may be at the forefront of AI implementation, they might be relying more on existing expertise or self-directed learning rather than formal training programs.

This data highlights a transition, with many organizations actively investing in their workforce's AI capabilities while others, particularly in R&D, may be taking a different approach to skill development. The variety of strategies employed indicates a recognition of the multifaceted nature of AI learning, combining formal training, hands-on experience, and cultural shifts to prepare for an AI-enhanced future in service management.

Methods of addressing employee training to adapt to AI-driven changes

How is your organization addressing employee training and upskilling to adapt to AI-driven changes in Service Management?

Base : Utilizing AI n = 441



Impact of AI

Usage and impact of AI

AI-driven analytics and dashboards surpass other AI capabilities in service management, with an impressive 55% of organizations leveraging these functionalities. This high adoption rate underscores the growing importance of data-driven decision-making across departments.

Close behind, Atlassian sees personalized self-service solutions for customers and employees gaining significant traction, with 50% of respondents implementing these AI-powered tools. This trend reflects a strong push towards more efficient, user-centric service delivery.

Automated knowledge management is also making waves, with 44% of organizations harnessing AI to streamline information access and management. This adoption rate suggests a growing recognition of AI's potential to enhance organizational learning and knowledge sharing.

When it comes to workload reduction, AI-driven analytics and personalized self-service solutions are tied at the top, each reducing workload for 38% of users. This demonstrates that these technologies are not just being adopted, but are delivering tangible benefits in terms of efficiency.

R&D departments are showcasing their innovative spirit, with 44% utilizing AI for sentiment analysis – significantly higher than other departments. This suggests that R&D teams are leveraging AI to gain deeper insights into user feedback and product reception.

Customer Service, true to form, is leading in the adoption of AI-powered virtual agents at 48%. This aligns with their earlier reported high usage of these tools, reinforcing the department's commitment to enhancing real-time customer support through AI.

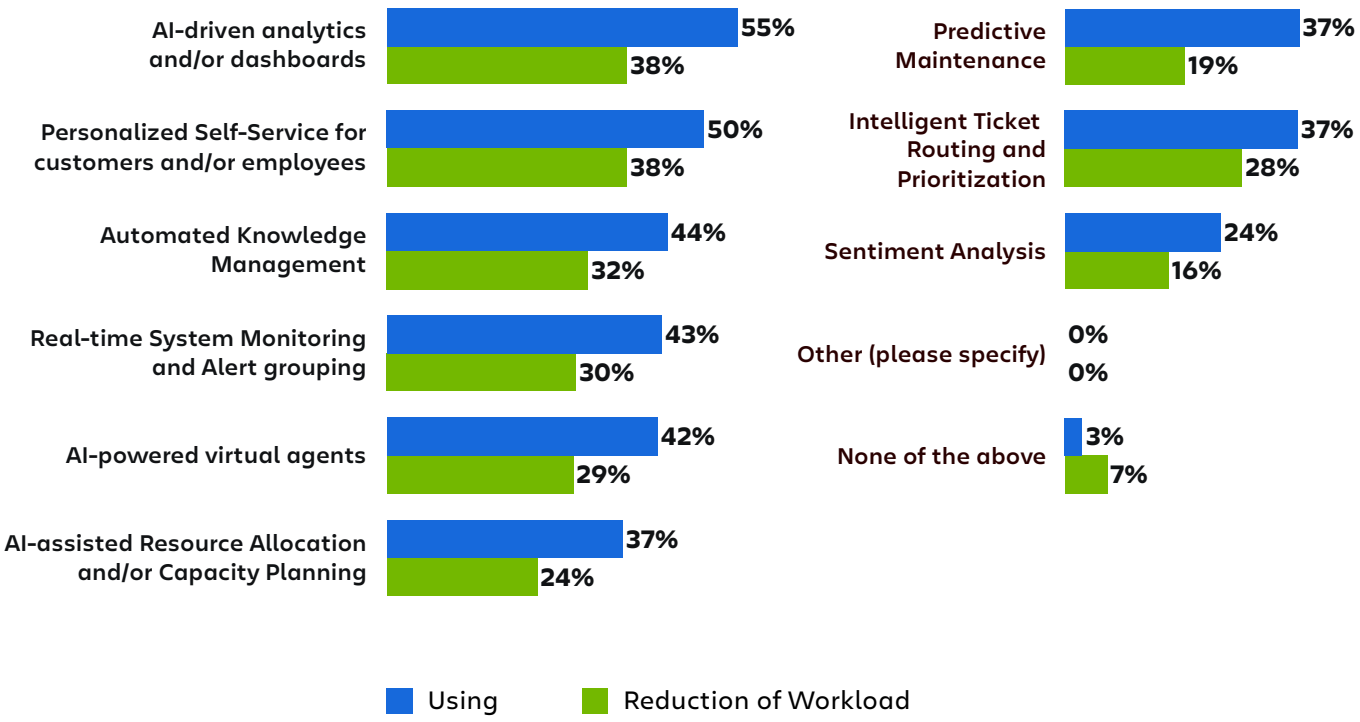
While Natural Language Processing (NLP) capabilities show lower overall adoption rates, they're still making an impact. 16% of organizations report that NLP is helping to reduce workload, indicating that where implemented, these advanced language processing tools are proving their worth.

This data shows diverse AI adoption across service management functions, with different departments leveraging AI in ways that best suit their specific needs and challenges. The significant workload reductions reported across various AI capabilities suggest that organizations are not just experimenting with AI, but are successfully integrating it into their operations to drive real efficiency gains.

Usage and impact of AI

Which of the following AI capabilities is your organization utilizing in Service Management? Which of the following AI capabilities your organization is utilizing has reduced the workload of Service Management personnel?

Base : Utilizing AI n = 441



Attitudes about AI adoption

The impact of AI on service management is overwhelmingly positive, with respondents expressing enthusiasm about its wide-ranging benefits. About eight in ten participants report favorable outcomes across multiple aspects of their operations.

Decision-making processes have seen a significant boost, with 80% of respondents agreeing that AI has enhanced their ability to make data-driven decisions. This high level of agreement suggests that AI is successfully augmenting human intelligence in critical business processes.

Customer service experiences have also reaped the rewards of AI integration. A striking 79% of participants believe that AI technologies are improving their customer service delivery, indicating a strong correlation between AI adoption and customer satisfaction.

Employee productivity is another area where AI is making its mark. 78% of respondents agree that AI adoption has positively impacted their workforce's efficiency, pointing to AI's role in streamlining tasks.

The predictive capabilities of AI are not going unnoticed, with 77% of participants reporting that AI has helped them more effectively predict and prevent service issues. This proactive approach enabled by AI is likely contributing to improved operational stability and customer satisfaction.

However, the survey also reveals some concerns. Data security remains a significant worry, with 72% of respondents expressing concerns about the security of AI tools. This highlights the need for robust security measures as AI adoption increases.

Data quality is another area of concern, with 70% of participants worried about the quality of data emerging from AI tools. This suggests that organizations are grappling with ensuring the accuracy and reliability of AI-generated outputs.

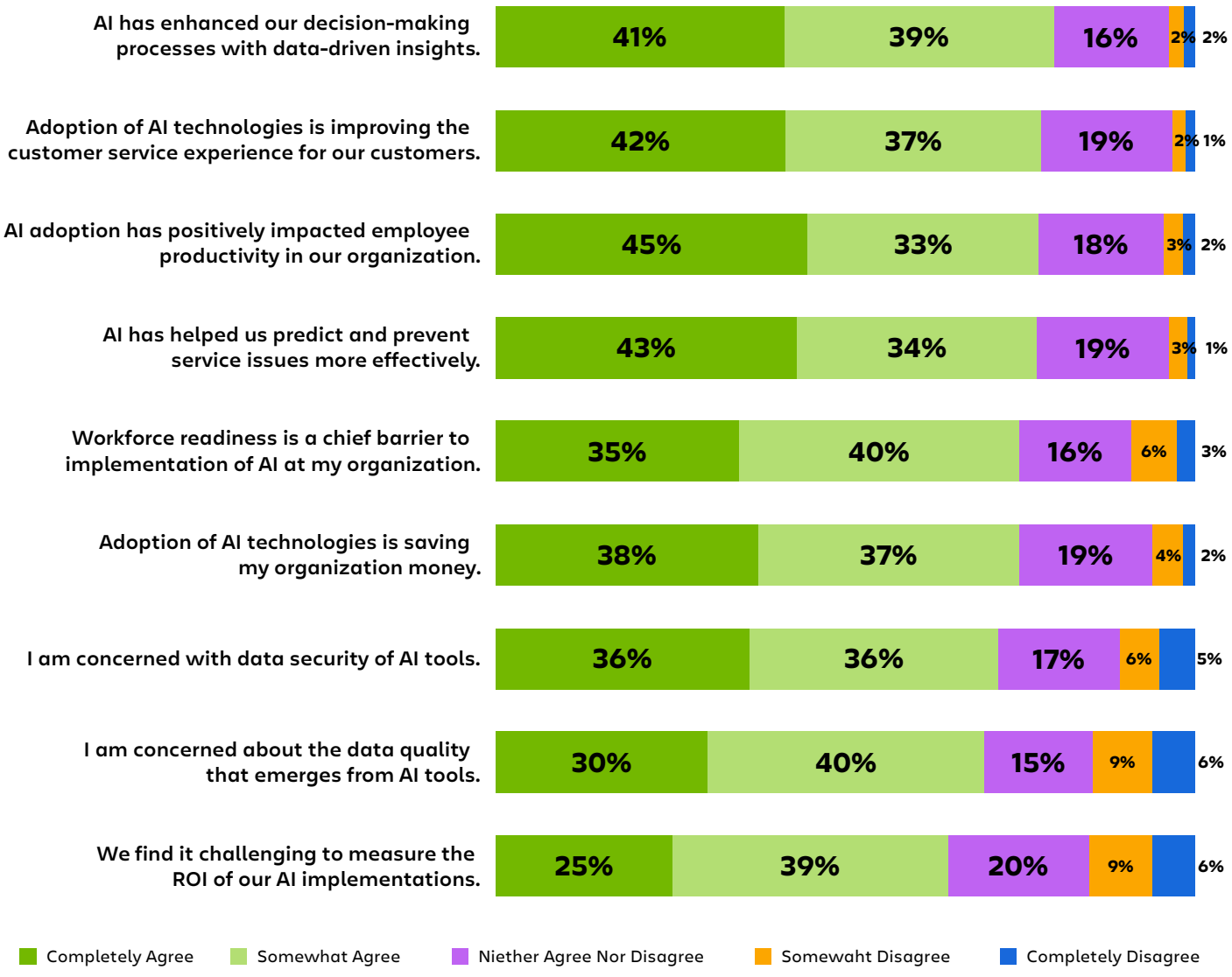
The benefits of AI are clear, but measuring its return on investment (ROI) remains a challenge. Two-thirds (64%) of respondents find it difficult to quantify the ROI of their AI implementations, indicating a need for better metrics and evaluation methods for AI initiatives.

The data provides an outline of organizations recognizing and reaping the benefits of AI in service management, while also navigating challenges related to data security, quality, and ROI measurement. The high levels of agreement across various positive impacts underscore AI's transformative potential in the service management landscape.

Attitudes about AI adoption

How much do you agree or disagree with each of the following statements?

Base : Utilizing AI n = 441



Investments and interest in AI capabilities

Initiatives in further AI investments

Organizations are gearing up for significant AI investments in the coming year, with a clear focus on enhancing both employee capabilities and customer experiences. The survey reveals that 89% of organizations plan to expand or further invest in AI technologies in service management over the next 12 months.

Leading the pack of investment priorities are:

- Training and Upskilling Initiatives (49%)
- Enhanced Customer Experience with AI (48%)

These top two priorities highlight a balanced approach, focusing on both internal capability building and external value delivery.

Following closely behind are:

- AI-driven Data Insights and Reporting (43%)
- AI-powered Process Automation (43%)

These figures indicate a strong push towards data-driven decision making and operational efficiency.

While most organizations are pushing forward with AI investments, Customer Service departments show a notably different trend. Although Customer Service departments believe that AI technologies are improving their customer service delivery, and they also are significantly more likely to indicate no plans for expansion (25%), suggesting a potential saturation point or a need to reevaluate their AI adoption strategies.

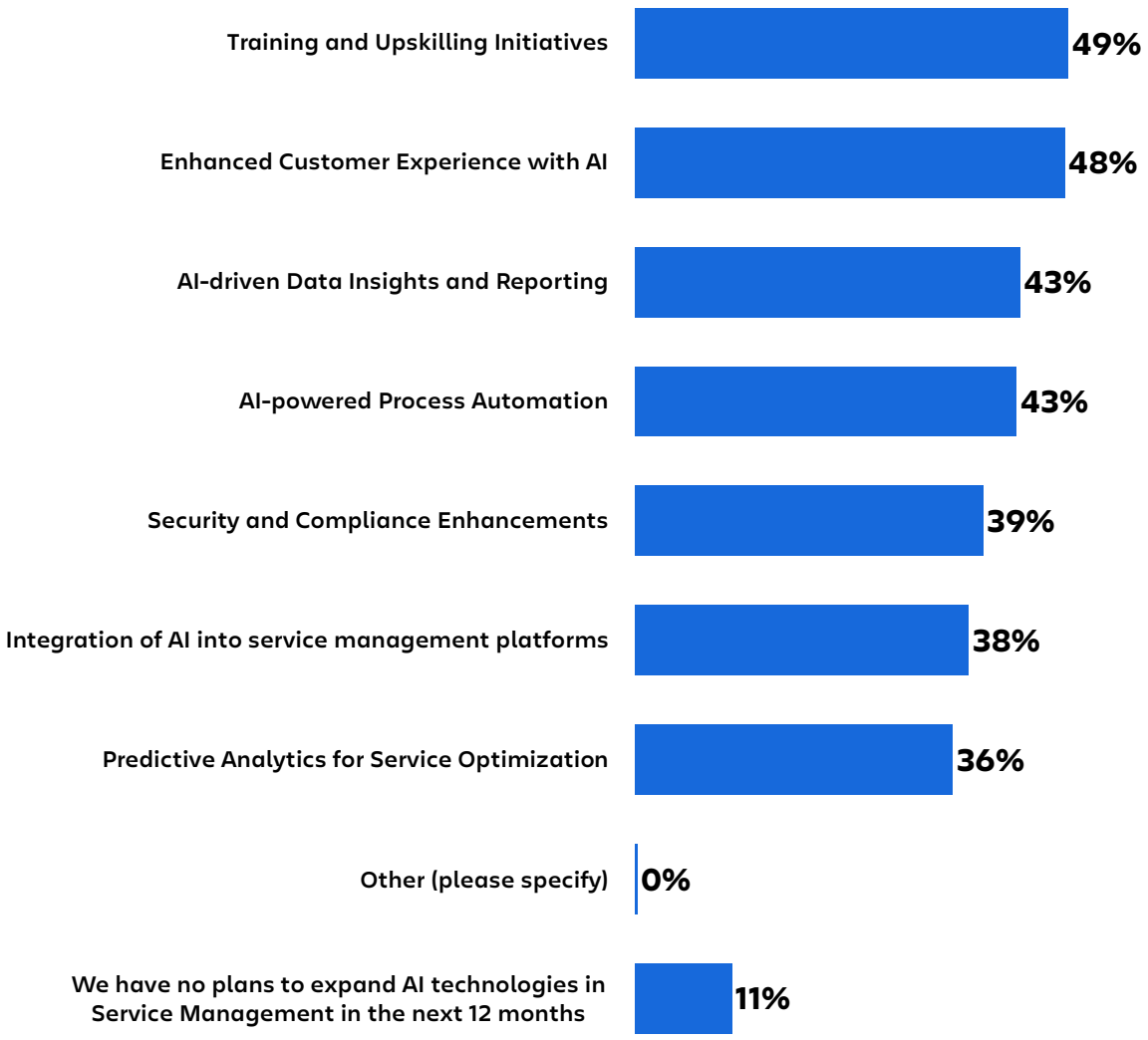
On the other hand, R&D departments are excelling in AI adoption for Process Automation. A substantial 66% of R&D teams are planning to invest in this area, significantly higher than the overall average of 43%. This underscores R&D's role as a pioneer in leveraging AI for streamlining complex workflows and boosting productivity.

These findings indicate that organizations are actively preparing for an AI-driven future, with a strong emphasis on empowering employees, enhancing customer experiences, and optimizing processes. The varying investment plans across departments highlight the need for tailored AI strategies that address specific functional needs and challenges.

Initiatives in further AI investments

What are your organization's initiatives for expanding or further investing in AI technologies in Service Management during the next 12 months?

Base : All Respondents n = 500



Leveraging AI for innovation and competitive advantage

The survey findings reveal a strong appetite for leveraging AI in service management to drive innovation and gain competitive advantage.

Process automation and optimization emerges as the frontrunner, with an impressive 87% of respondents expressing interest. This high level of interest underscores the widespread recognition of AI's potential to streamline operations and boost efficiency.

Hot on its heels, repetitive task automation garners interest from 86% of respondents. This strong showing highlights the growing desire to free up human resources for more complex, value-added activities.

AI-driven analytics for actionable insights also commands significant attention, with 85% of respondents showing interest. This enthusiasm reflects the increasing recognition of AI's power to turn data into strategic business intelligence.

Even the capabilities with relatively lower interest levels still capture majority attention. For instance, Natural Language Processing (NLP) for ticket summary, while at the lower end of the spectrum, still interests 77% of respondents. This suggests a broad recognition of NLP's potential to enhance service management processes, even if it's not yet seen as the top priority.

Other high-interest areas include:

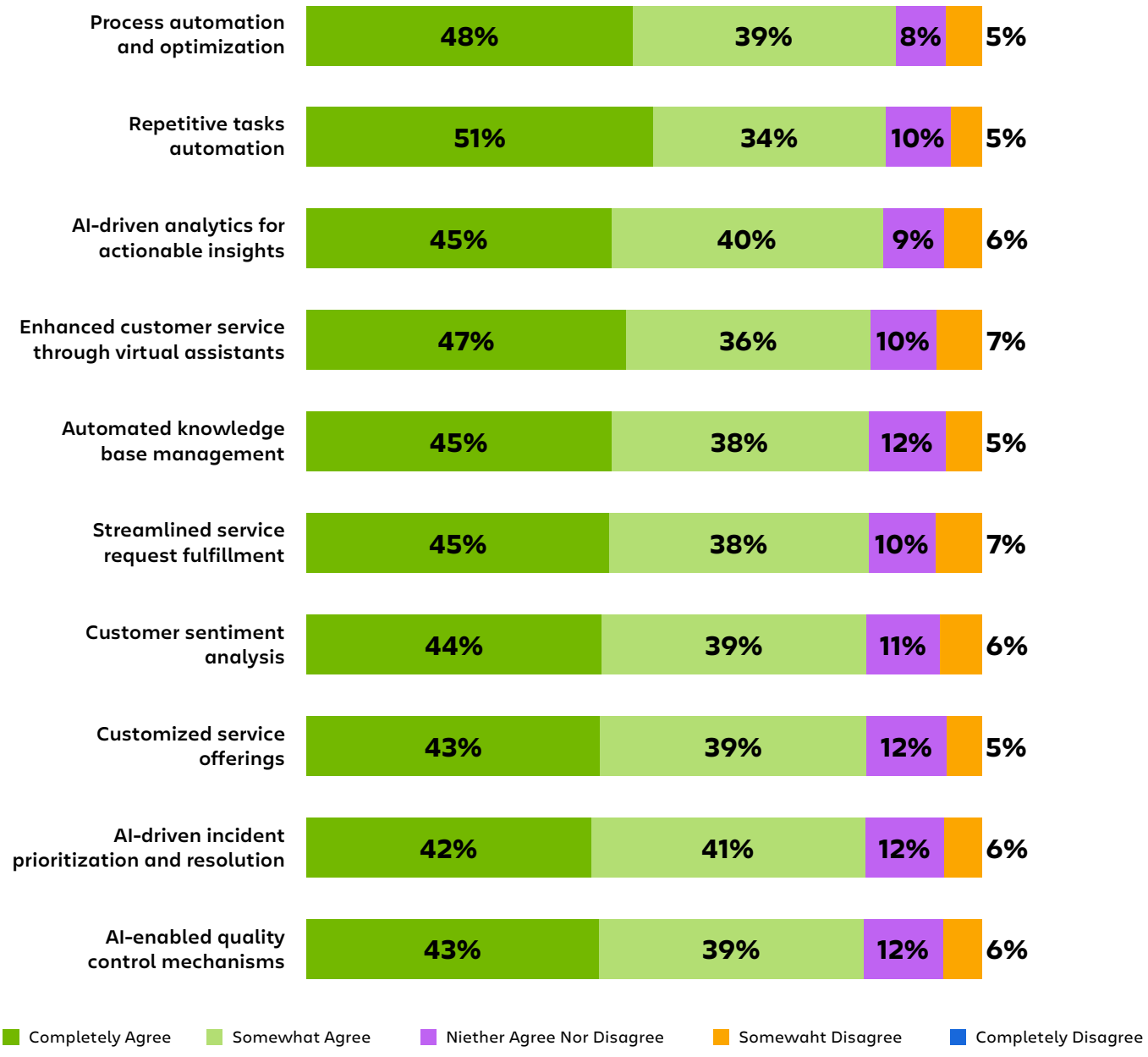
- Enhanced customer service through virtual assistants
- Automated knowledge base management
- Streamlined service request fulfillment
- Customer sentiment analysis

The consistently high-interest levels across these diverse AI capabilities indicate that organizations are looking to leverage AI comprehensively throughout their service management operations. From optimizing internal processes to enhancing customer interactions, the data suggests a holistic approach to AI adoption for driving innovation and maintaining a competitive edge.

Leveraging AI for innovation and competitive advantage

How interested are you in your organization leveraging AI in Service Management in the following ways to drive innovation and/or competitive advantages?

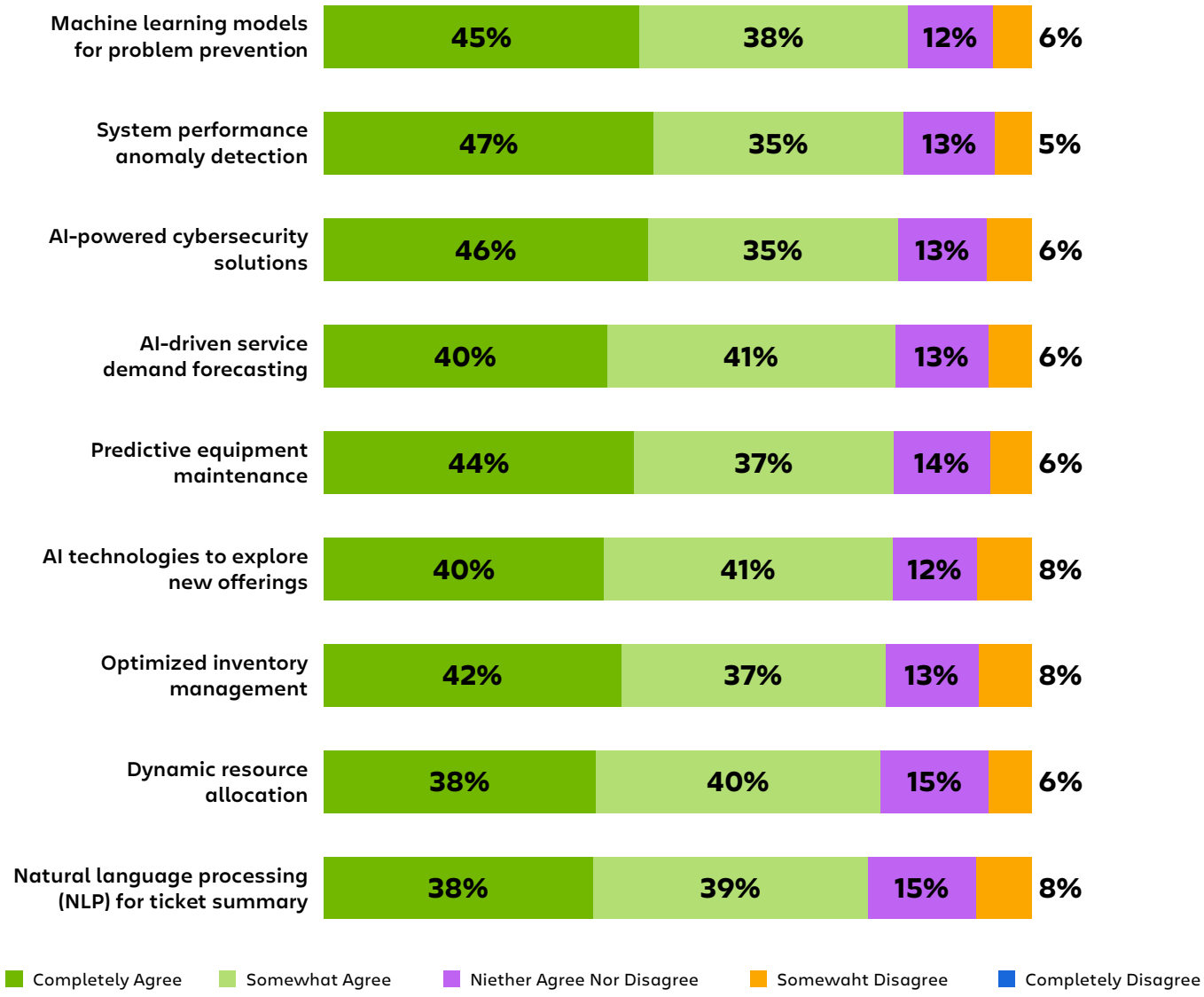
Base : All Respondents n = 500



Interest in AI Leverage for Innovation / Competitive Advantage

How interested are you in your organization leveraging AI in Service Management in the following ways to drive innovation and/or competitive advantages?

Base : All Respondents n = 500



Importance of AI capabilities by teams

In Atlassian's evaluation of AI capabilities in service management, they've taken a unique approach by combining and comparing different teams - R&D and IT Ops, IT Ops and Customer Service, and HR with other business teams. This approach aligns with Atlassian's philosophy of fostering team synergy across various business functions. By examining the importance of AI capabilities through this lens, Atlassian gains valuable insights into how different departments view AI and where opportunities for cross-functional collaboration exist. This comparative analysis not only highlights the diverse applications of AI across the organization but also reveals potential areas where teams can learn from each other and enhance overall operational efficiency. By breaking down silos and encouraging a unified approach to AI implementation, organizations can create a more cohesive, efficient, and innovative service management ecosystem. This holistic view allows the understanding of how AI is shaping the future of service management across all facets of an organization, from product development to customer support, and from IT operations to human resources.

Importance of AI capabilities to service teams

Customer sentiment analysis is emerging as a critical tool for service teams, with an impressive 87% of both Customer Service and IT Ops respondents rating it as very or somewhat important. This high adoption rate underscores the growing recognition of AI's role in understanding and responding to customer needs more effectively.

Closely following is AI-assisted knowledge base development and maintenance, garnering support from 86% of respondents. This strong showing highlights the value teams place on AI for maintaining up-to-date, accessible information resources.

Predictive and proactive capabilities are also gaining traction. Notably, 45% of IT Ops and Customer Service respondents consider predictive/proactive advice for agents on next steps to be very important. This suggests a growing appetite for AI-driven guidance in real-time decision-making scenarios.

Other capabilities like automated ticket responses, intelligent escalation based on service-level thresholds, and issue summarization also show strong importance ratings, demonstrating a holistic approach to AI integration in service management.

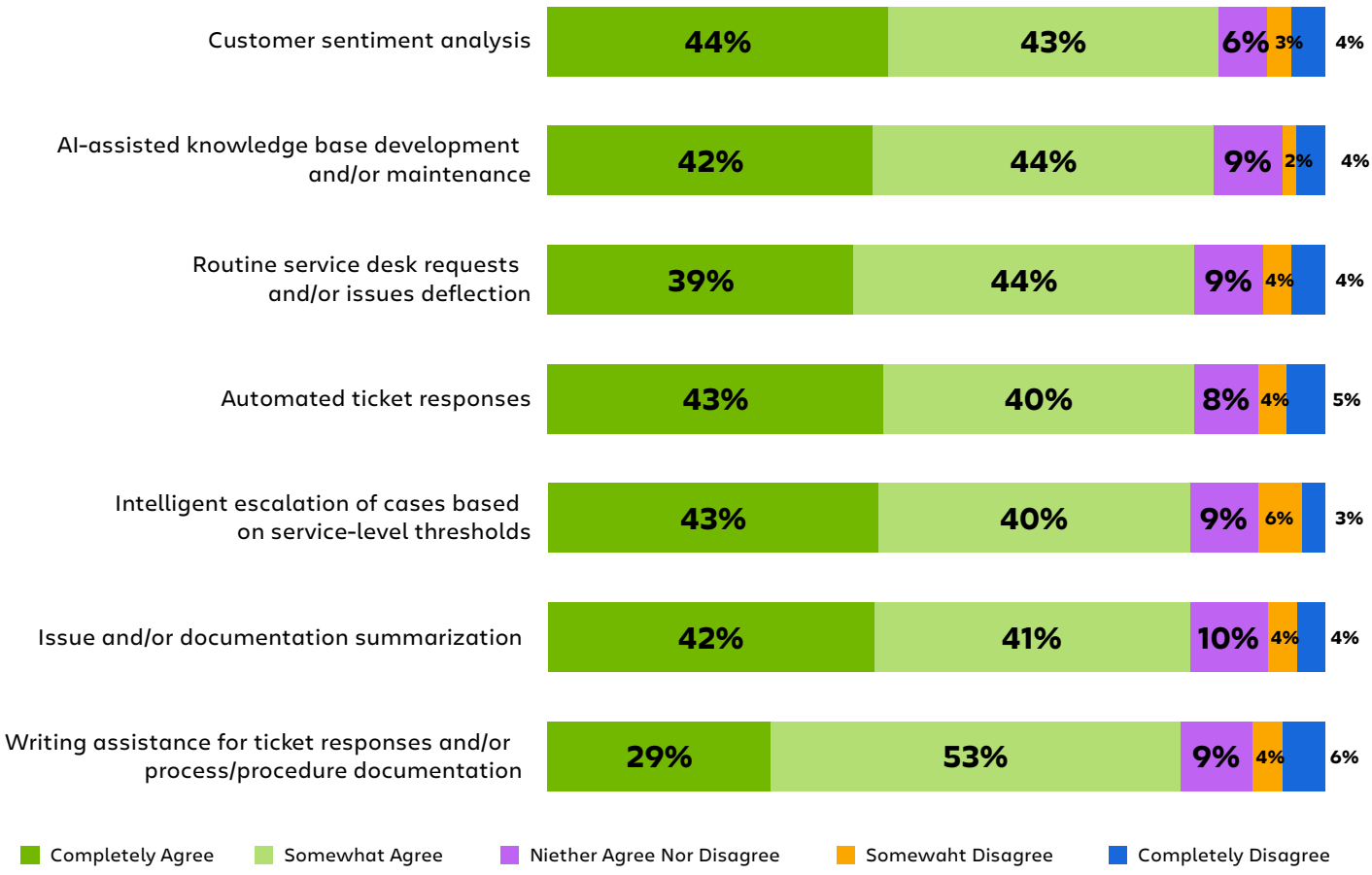
AI-powered business service and dependency mapping presents a mixed picture. While it's recognized as important by many, it also has the highest percentage of respondents who are unsure about its application. This indicates a potential need for more education and clarification on the benefits and use cases of this capability.

The data reveals a service landscape where AI is increasingly valued for its ability to enhance customer understanding, streamline knowledge management, and provide proactive support. The high importance ratings across multiple AI capabilities suggest a sophisticated and multifaceted approach to leveraging AI in service teams.

Importance of AI capabilities to service teams

How important are each of the following AI capabilities to your operations teams?

Base : Segments IT Ops and Customer Service only n = 160*



*Detailed data breakdowns for Customer Service and IT Ops team are provided in the appendix

Importance of AI capabilities to operations teams

IT Ops and R&D teams are strongly embracing AI across a wide range of capabilities, with several key areas standing out for their high adoption and perceived importance.

Real-time performance monitoring and anomaly detection emerges as a critical capability, with the highest proportion of respondents, 60% of IT Ops and 62% of R&D, rating it as very important. This underscores the value placed on immediate insights and rapid response to operational issues.

Automated compliance monitoring and reporting are deemed essential, with an impressive 93% of respondents rating it as very or somewhat important. This highlights a growing focus on using AI to ensure regulatory adherence and streamline compliance processes.

Process optimization and automation is not far behind, also garnering a 92% importance rating. This indicates a clear recognition of AI's potential to streamline operations and boost efficiency through automation.

Predictive analytics for operational risks is another standout, with 92% of respondents considering it important. This suggests a growing trend towards proactive risk management and incident prevention in operations.

Other highly-rated capabilities include:

- Root cause analysis (91% importance)
- AI-powered change impact analysis (89% importance)
- Intelligent resource allocation and capacity planning (88% importance)

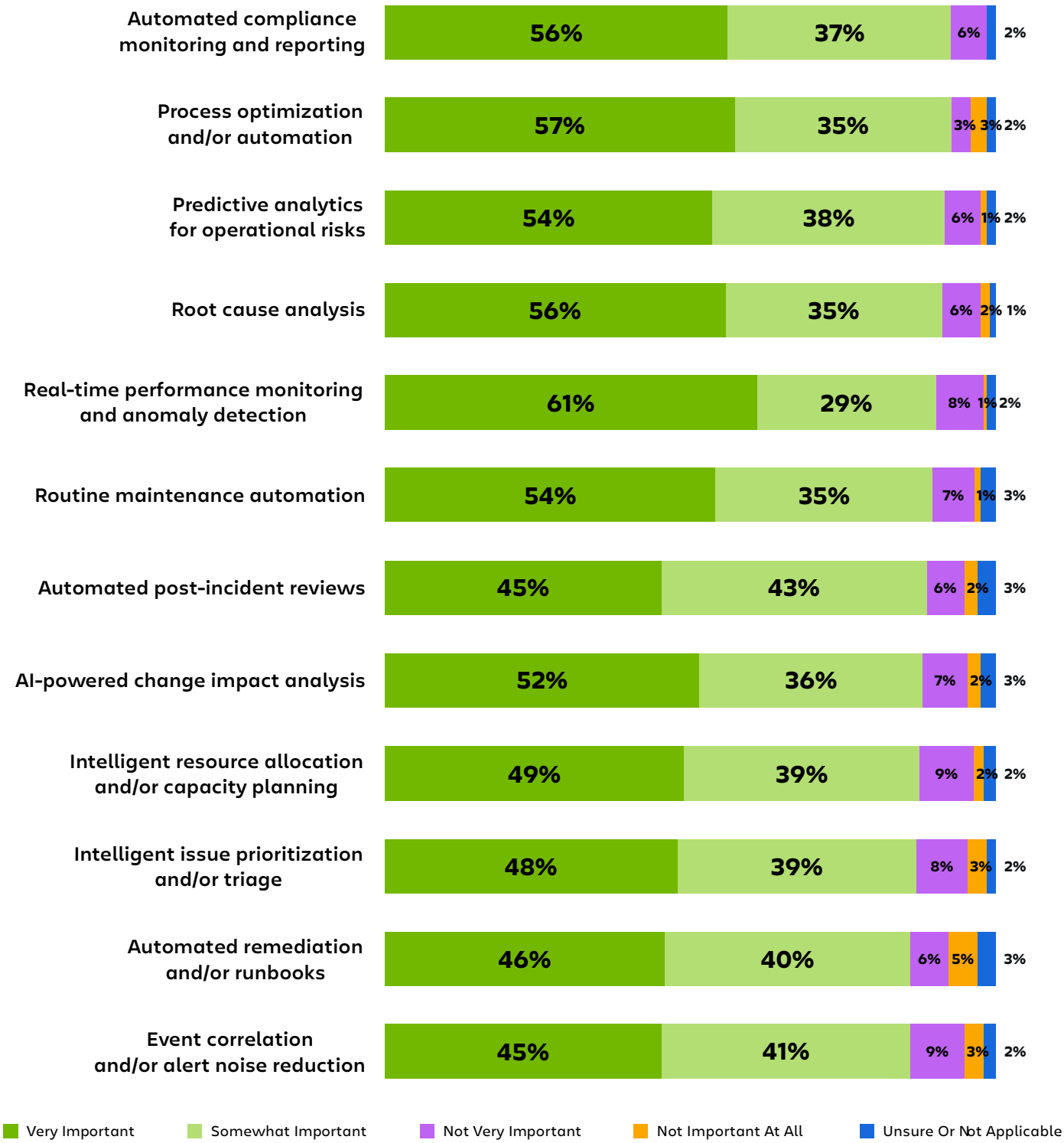
Even the lowest-ranked capability - event correlation and alert noise reduction - is still viewed as important by 86% of R&D and IT Ops respondents. This across-the-board high importance rating suggests that operations teams see value in a wide array of AI applications. On the other hand, there's a notable difference in the perception of event correlation and alert noise reduction. While 78% of IT Ops respondents view this as important, the figure jumps to 94% for R&D teams. This could indicate that R&D teams face more challenges with alert fatigue or see more potential in AI's ability to streamline this process.

Overall, the data indicates that operations teams recognize AI's potential to enhance nearly every aspect of their work, from compliance and optimization to predictive analysis and real-time monitoring. The consistently high importance ratings across all capabilities indicate a holistic approach to AI adoption in operations management.

Importance of AI capabilities to operations teams

How important are each of the following AI capabilities to your operations teams?

Base : Segments IT Ops and R&D only n = 192



Importance of AI capabilities to development teams

Development teams across both R&D and IT Ops segments show significant enthusiasm for AI capabilities, with some notable differences in priorities.

Performance optimization recommendations lead the way for both segments, with 98% of R&D and 88% of IT Ops respondents rating it as important, with 55% of both segments rating it as very important. This highlights the critical role AI plays in enhancing development efficiency and code quality.

Close behind, automated documentation generation is proving to be a game-changer, with 91% of teams recognizing its importance. This high adoption rate suggests a strong focus on improving knowledge management and reducing manual documentation efforts.

Predictive bug detection and triage shows strong support across both segments, with 94% of R&D and 83% of IT Ops valuing this capability. This indicates a shared trend towards proactive issue management in the development process, with R&D teams showing even greater eagerness.

Both R&D and IT Ops teams consider the following capabilities important; however, there are noticeable differences in the degree of importance.

- CI/CD optimization: 91% important for R&D vs. 82% for IT Ops
- Predictive project timelines: 91% important for R&D vs. 80% for IT Ops
- Automated code review and quality analysis: 93% important for R&D vs. 80% for IT Ops

These differences suggest that R&D teams are more inclined to embrace AI across all aspects of the development lifecycle, while IT Ops teams, while still positive, show slightly less adoption in certain areas.

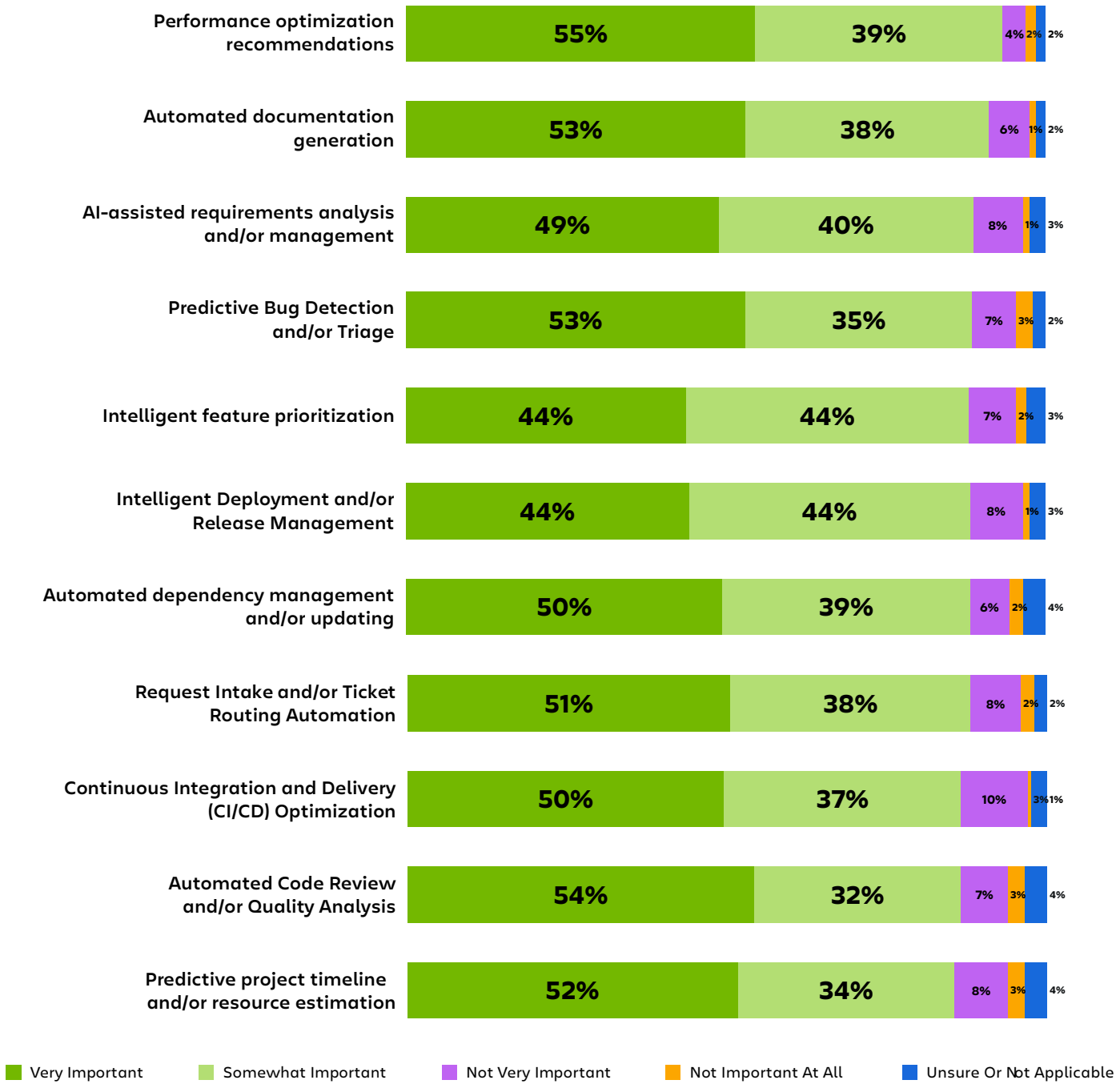
It's worth noting that all AI capabilities surveyed garnered at least 80% importance ratings in both segments, indicating a broad acceptance and appreciation for AI's role across various aspects of development work.

The data reveal that both R&D and IT Ops teams are actively leveraging AI to enhance productivity, improve code quality, and streamline processes. However, R&D teams consistently show higher confidence and readiness to adopt AI capabilities across the board. This could be attributed to the nature of R&D work, which often involves more cutting-edge technologies and a greater willingness to experiment with new tools and processes.

Importance of AI capabilities to development teams

How important are each of the following AI capabilities to your development teams?

Base : Segments IT Ops and R&D only n = 192



Importance of AI capabilities to business teams

Business teams across HR and other business segments are excited about AI capabilities.

Automated data analysis and interactive dashboards emerge as the top priority for both segments, aligning with the overall trend. An impressive 84% of HR respondents and 88% of other business respondents rate this capability as important. This underscores the universal recognition of data-driven decision-making across business functions.

Closely following are several AI capabilities that are garnering significant attention:

- Intelligent process automation and workflow optimization (86% important)
- Automated knowledge management and intelligent information retrieval (85% important)
- Automated compliance monitoring and reporting (85% important)
- AI-driven project risk assessment and mitigation (84% important)

These figures highlight a clear trend towards leveraging AI for enhancing efficiency, managing risks, and ensuring regulatory compliance.

Customer segmentation and personalized marketing also show strong importance at 83%, reflecting the growing emphasis on tailored customer experiences.

Although many AI functions are seen as crucial, Natural Language Processing (NLP) for document summarization and content analysis shows slightly lower importance, with 80% rating it as important. This suggests that while text analysis is valuable, it may not be as critical as other AI applications for business teams.

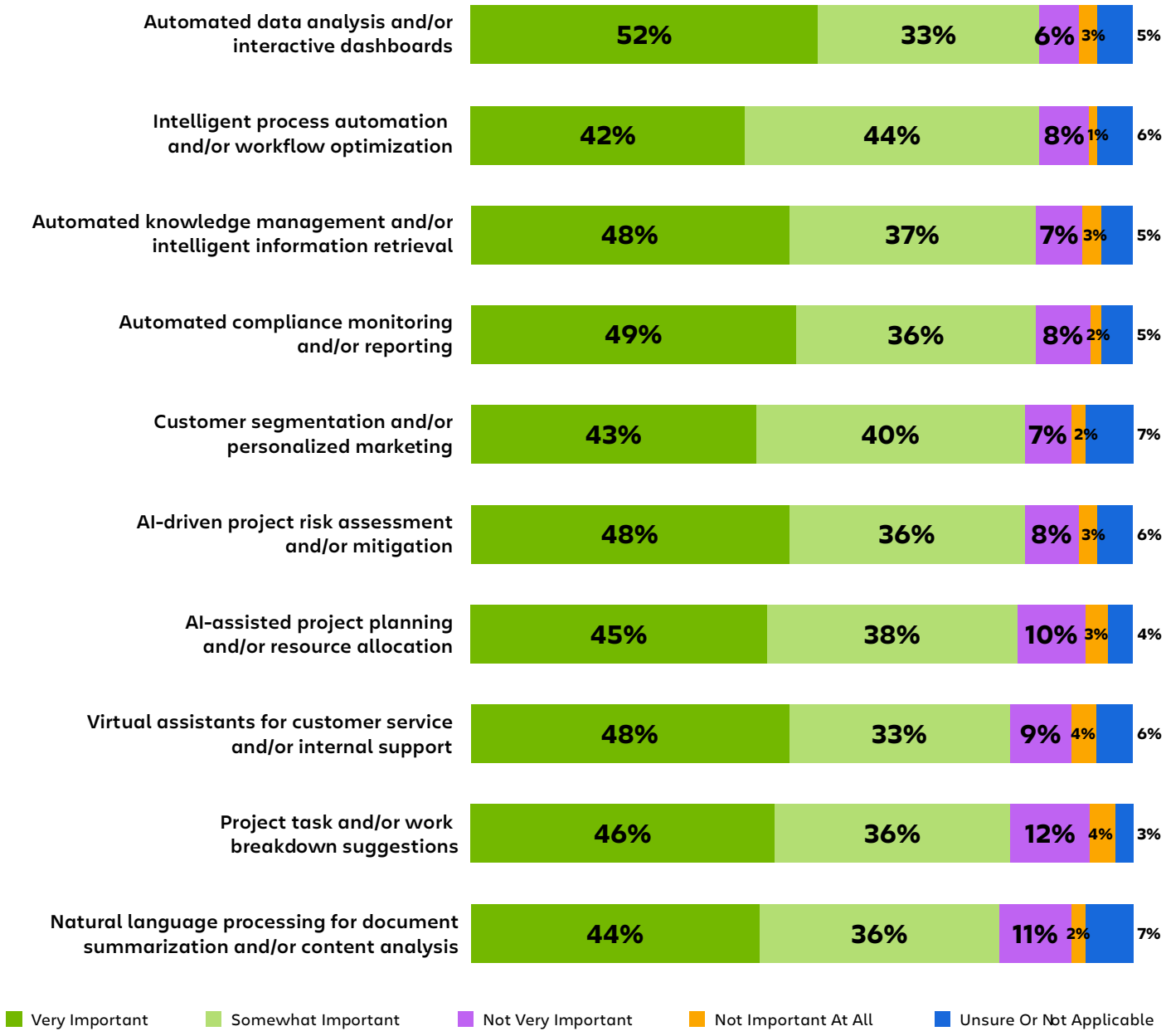
It's worth noting that all AI capabilities surveyed garnered at least 80% importance ratings, demonstrating the overall recognition of AI's value across different business functions. However, the varying percentages of "very important" ratings (ranging from 42% to 53%) indicate that some capabilities are perceived as more critical than others.

The data suggests that business teams actively integrating AI across a wide range of capabilities, with a particular focus on data analysis, process automation, and risk management. The high importance ratings across the board suggest a growing recognition of AI's potential to transform business operations and decision-making processes.

Importance of AI capabilities to business teams

How important are each of the following AI capabilities to your business teams?

Base : Segments HR and Other business teams only n = 183



Summary

Balancing enthusiasm with strategic implementation

The State of AI in Service Management survey reveals a landscape of excitement, opportunity, and challenges as organizations embrace artificial intelligence to transform their service operations. The results paint a picture of teams that recognize AI's immense value across all service management functions and are eager to engage with numerous AI capabilities.

One of the most striking findings is the universal enthusiasm for AI adoption across different departments. From IT Ops to R&D, HR to Customer Service to other Business groups, teams are exploring ways to leverage AI to enhance their processes and outcomes. This widespread interest underscores the transformative potential of AI in service management.

However, the survey also reveals a crucial insight: while AI functionality is exciting, it's not sufficiently intuitive for teams to adopt without more skill development. Similar to findings in **other industry studies**, organizations clearly see the need for training teams on various AI capabilities, emphasizing the importance of improving AI literacy throughout the workforce. This focus on upskilling indicates a maturing approach to AI adoption, recognizing that technology alone is not enough – the human element is critical for successful implementation and utilization. In their **I&O Organizational Strategy research**, Gartner recommends that leaders tasked with implementing AI solutions "develop a plan for involving people and addressing their concerns during AI adoption."

At the same time, organizations are approaching AI adoption with a pragmatic mindset. Having historically overspent on service management systems, there's a clear emphasis on understanding the business cases and ROI for AI. **Research** shows that companies are entering this new era with their 'eyes wide open' regarding the challenges of AI implementations, from data privacy concerns to integration complexities.

The integration of AI in service management is poised to accelerate, driven by the ongoing push for digital transformation and the need for organizations to remain competitive in an uncertain global economy. Atlassian anticipates rapid advancements in predictive capabilities, personalization at scale, and the convergence of AI with other emerging technologies.

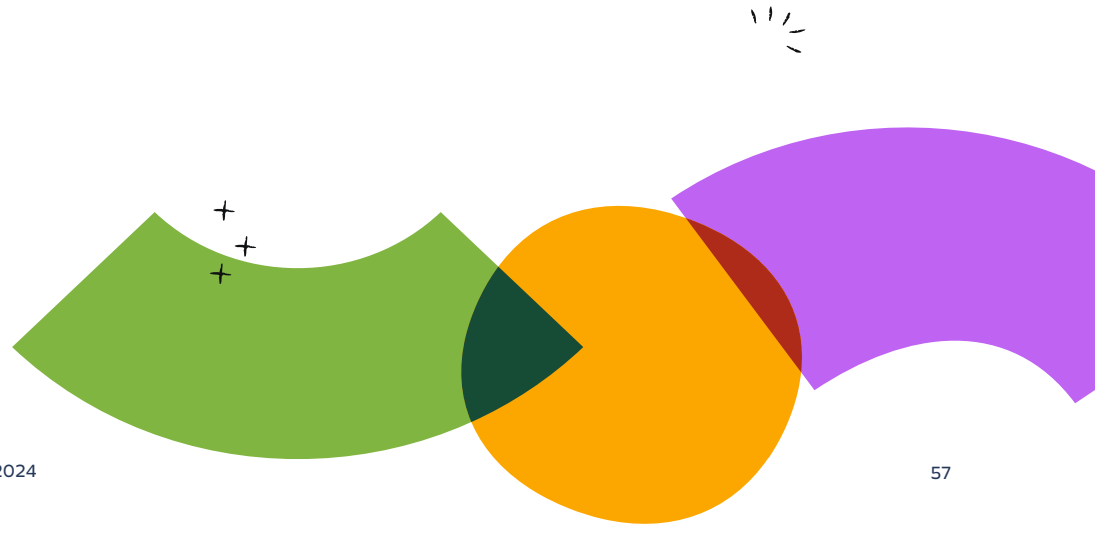
Yet, the path forward isn't solely about technological implementation. Successful AI adoption will require a holistic approach, addressing challenges such as responsible adoption, regulatory compliance, and the need for new skills and cultural shifts within organizations.

Atlassian believes the future of service management lies in the thoughtful integration of AI with human expertise. While AI will automate many tasks and provide valuable insights, human judgment, creativity, and empathy will remain essential. The organizations that succeed will be those that find the right balance, using AI to augment and empower their workforce rather than replace it.

Atlassian's vision extends beyond individual team optimization. They see AI as a catalyst for accelerating connections across R&D, IT Ops, Customer Service, HR, and business teams. This interconnected approach aligns with their focus on teamwork. As more service work becomes automated, Atlassian is committed to figuring out how best to place the "team in the loop," ensuring that AI enhances rather than replaces human collaboration. By democratizing access to AI tools and knowledge, organizations can empower their teams to innovate, problem-solve, and deliver better services. This approach not only enhances the overall capabilities of the organization but also fosters a culture of continuous learning and adaptation.

Navigating through this transformative era, the potential for AI to revolutionize service management is immense. It offers the promise of not just improved efficiency, but a fundamental reimagining of service delivery, creating new value for customers and driving innovation across organizations.

Atlassian encourages all organizations to approach AI adoption in service management with both enthusiasm and careful consideration, keeping in mind that the ultimate goal is to enhance human capabilities and deliver exceptional service experiences. The journey ahead is exciting, and with thoughtful implementation, the benefits of AI in service management are bound to be transformative.



Ready to unlock the power of AI in service management for your team? Contact us today to learn more!

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Appendix

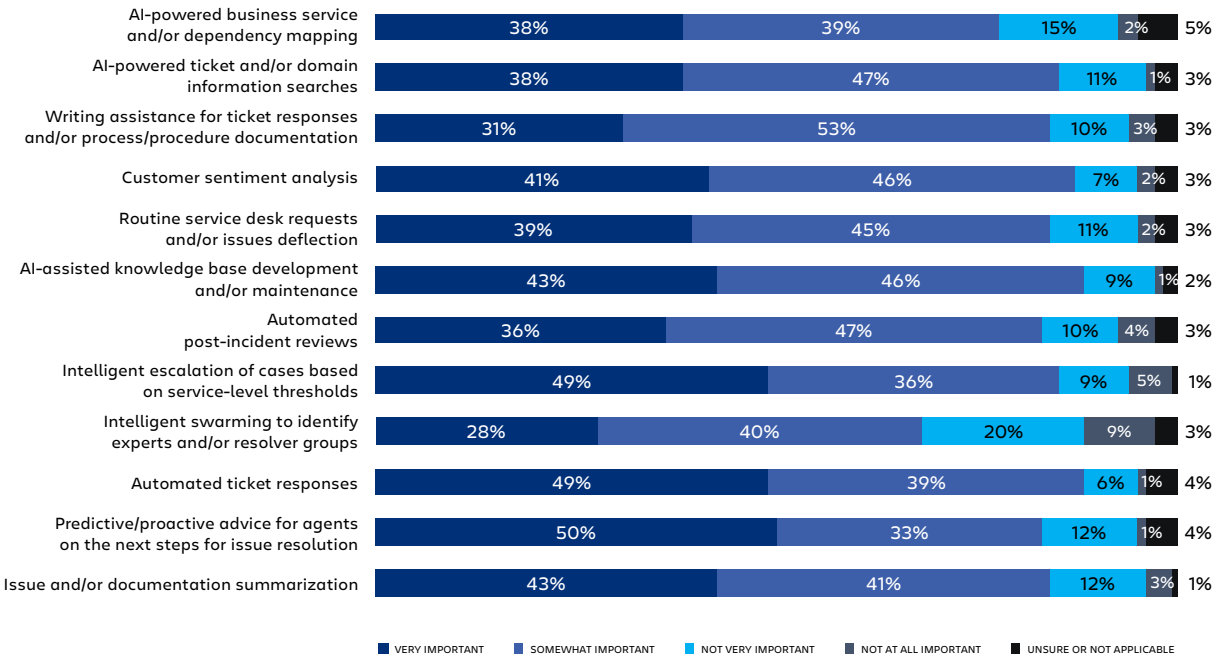
AI capabilities for Service Teams

How important are each of the following AI capabilities to your service teams?

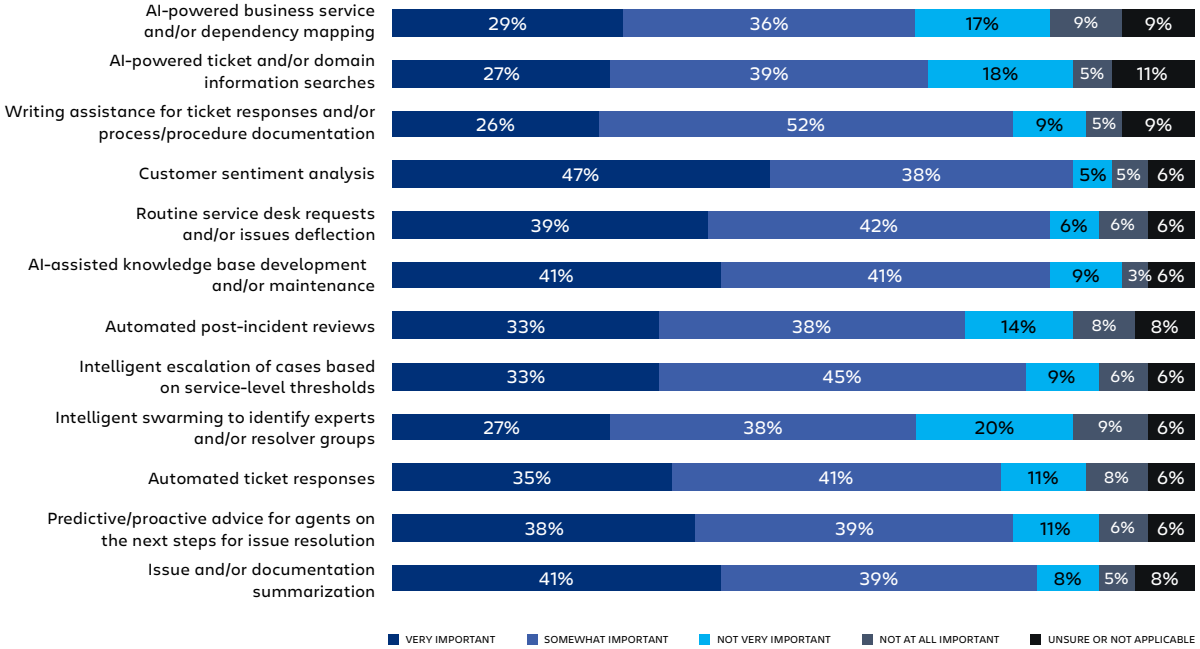
Base : Segments IT Ops n = 94 Customer Service n = 66

Importance of AI capabilities to Service Teams

IT Ops



Customer Service



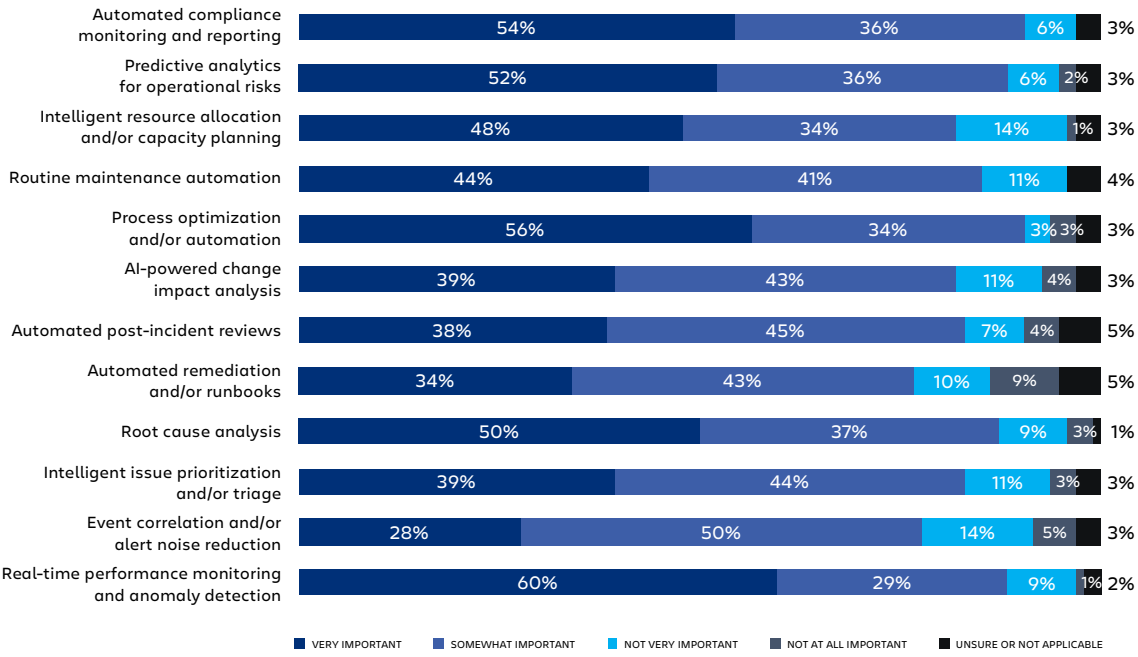
AI capabilities for Operations Teams

How important are each of the following AI capabilities to your operations teams?

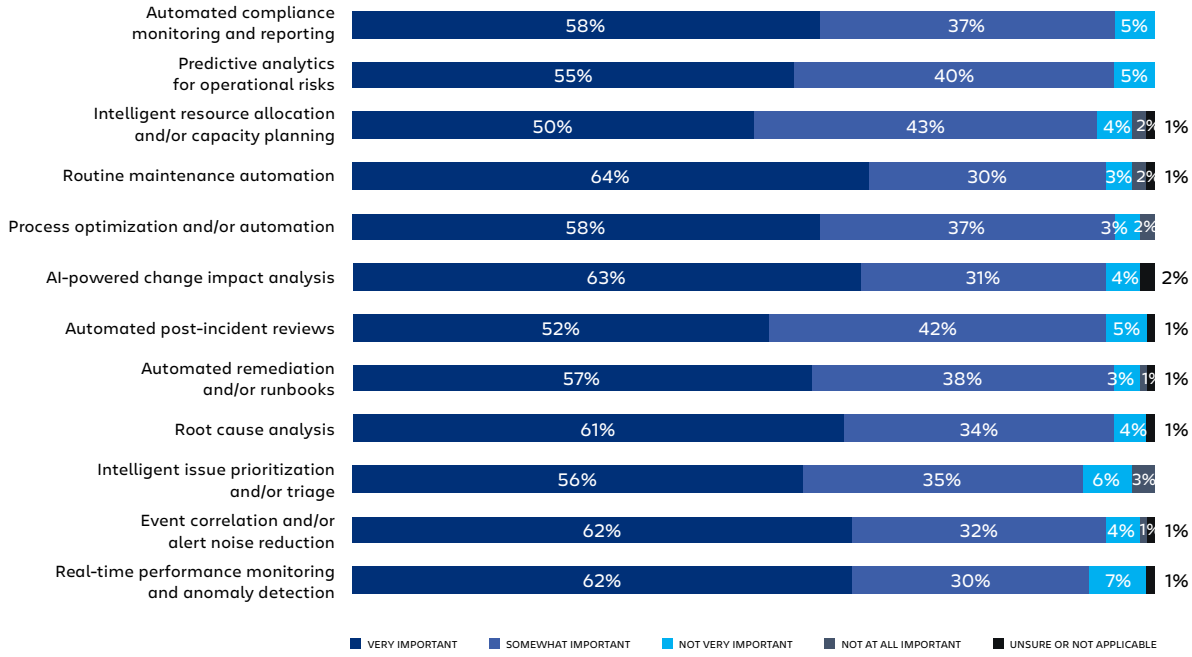
Base : Segments IT Ops n = 94 R&D n = 98

Importance of AI capabilities to Operations Teams

IT Ops



R&D



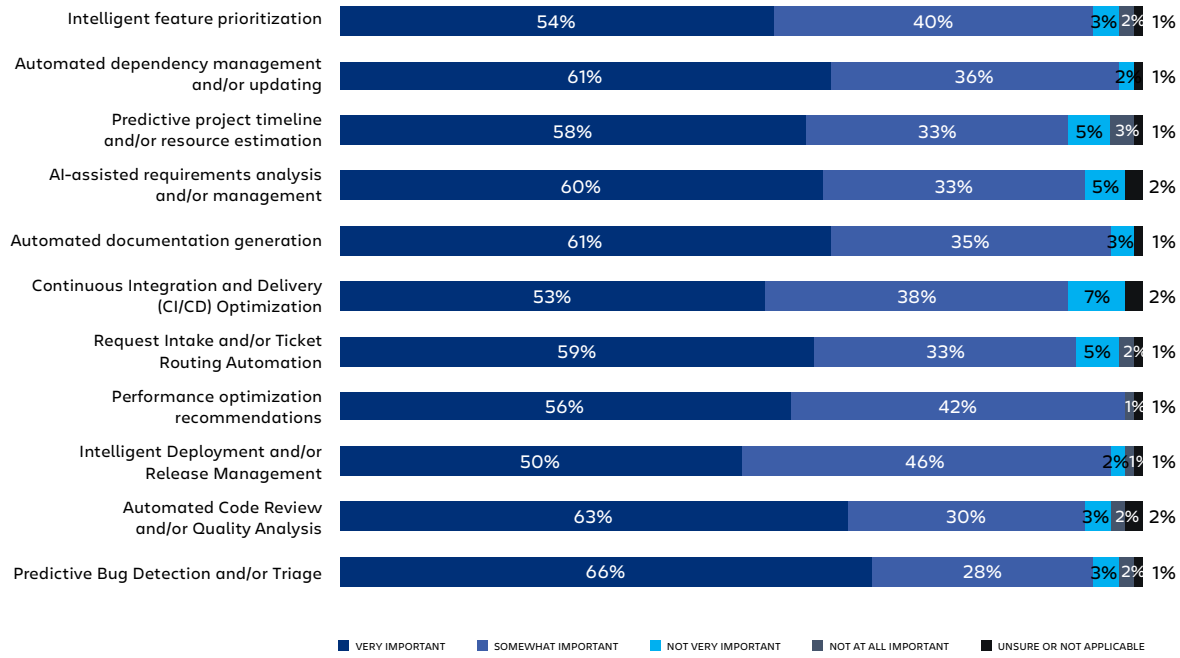
AI capabilities for Development Teams

How important are each of the following AI capabilities to your development teams?

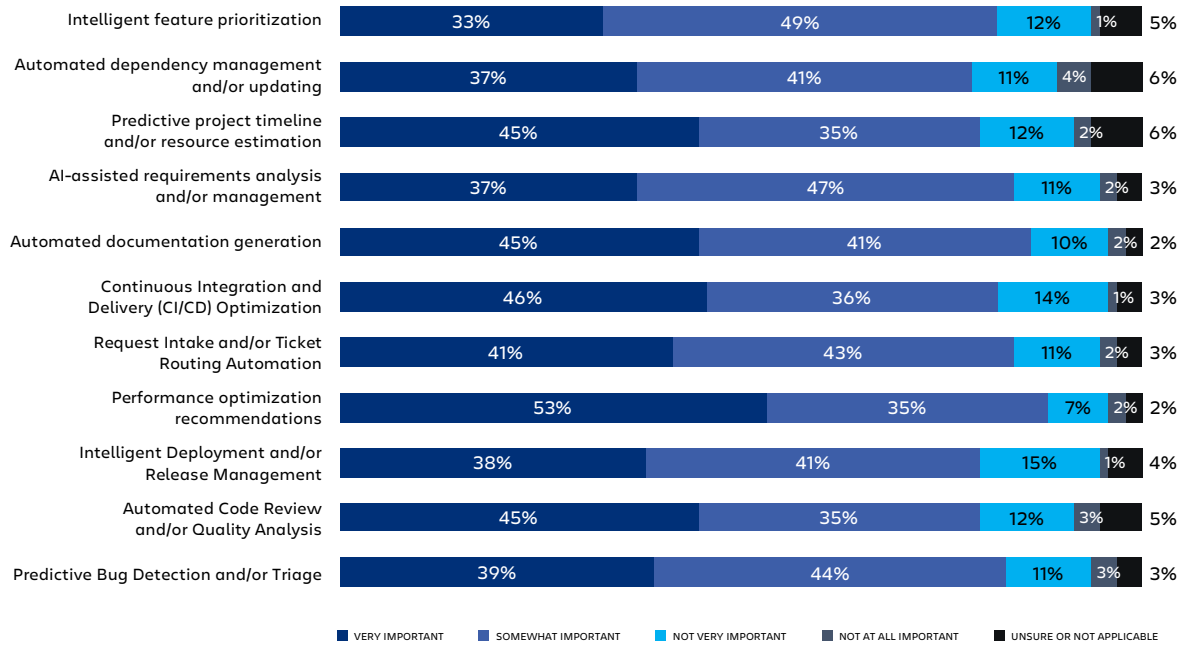
Base : Segments IT Ops n = 94 R&D n = 98

Importance of AI capabilities to Development Teams

R&D



IT Ops



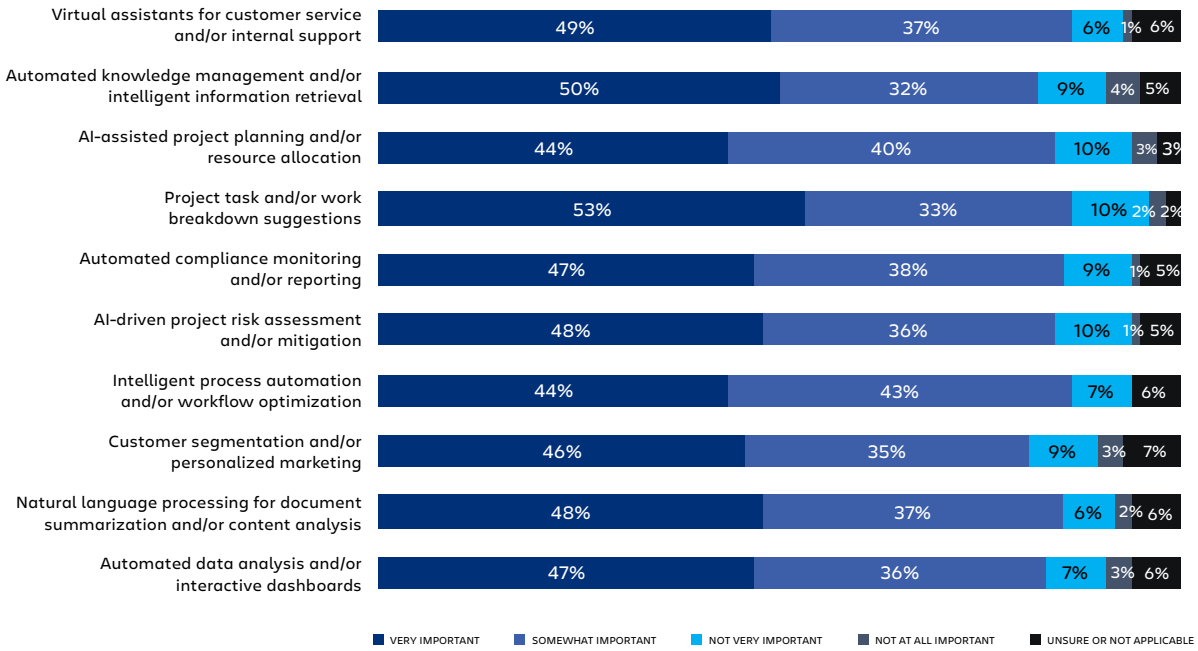
AI Capabilities for Business Teams

How important are each of the following AI capabilities to your business teams?

Base : Segments HR n = 94 Other Business n = 89

Importance of AI capabilities to Business Teams

HR



Other Business